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Report 131

# International Organizations and Agricultural Development

Martin Kriesberg

- THE WORLD FOOD COUNCIL
- THE ORGANIZATION OF AMERICAN STATES
- THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
- THE WORLD BANK
- THE ASIAN DEVELOPMENT BANK
- THE INTERNATIONAL MONETARY FUND
- THE INTER-AMERICAN DEVELOPMENT BANK

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# **INTERNATIONAL ORGANIZATIONS AND AGRICULTURAL DEVELOPMENT**

MARTIN KRIESBERG

*International Organizations and Agricultural Development.* Martin Kriesberg, Deputy Director, Office of International Cooperation and Development, and Coordinator, International Organization Affairs, U.S. Department of Agriculture.

## ABSTRACT

This report describes major international organizations with programs to help low-income countries improve their agriculture and rural sectors. It covers the objectives of multilateral aid organizations, the types of work they do, and the amount of assistance they provide. The publication focuses on activities since the World Food Conference of 1974, but also describes trends in multilateral assistance for the past 12 to 15 years. The report indicates that agricultural programs have gained increased attention among international assistance organizations, and that donor countries have funneled increasing proportions of their total aid through these multilateral organizations.

The report describes the Food and Agriculture Organization, the World Food Council, and other agencies of the United Nations; the World Bank Group; the major regional development banks; and the Organization of American States. Also discussed are the emerging issues and institutional arrangements for multilateral assistance in agriculture.

Keywords: International organizations, agricultural development, multilateral assistance

Washington, D.C. 20250

Revised February 1981

## GLOSSARY

|                           |                                                                                                            |
|---------------------------|------------------------------------------------------------------------------------------------------------|
| AfDB . . . . .            | African Development Bank                                                                                   |
| CGFPI . . . . .           | Consultative Group for Food Production and Investment                                                      |
| CGIAR . . . . .           | Consultative Group for International Agricultural Research                                                 |
| TAC . . . . .             | Technical Advisory Committee                                                                               |
| CIAP . . . . .            | Inter-American Committee for the Alliance for Progress                                                     |
| CIEC . . . . .            | Conference for International Economic Cooperation                                                          |
| COW . . . . .             | Committee of the Whole, U.N. General Assembly                                                              |
| ECA . . . . .             | Economic Commission for Africa                                                                             |
| ECAFE . . . . .           | Economic Commission for Asia and the Far East                                                              |
| ESCAP . . . . .           | Economic and Social Commission for Asia and the Pacific (new name for ECAFE)                               |
| ECLA . . . . .            | Economic Commission for Latin America                                                                      |
| ECOSOC . . . . .          | Economic and Social Council of the UN                                                                      |
| FAO . . . . .             | Food and Agriculture Organization of the UN                                                                |
| IBRD . . . . .            | International Bank for Reconstruction and Development (World Bank)                                         |
| IDA . . . . .             | International Development Association                                                                      |
| IFC . . . . .             | International Finance Corporation                                                                          |
| IDB . . . . .             | Inter-American Development Bank                                                                            |
| SPTF . . . . .            | Social Progress Trust Fund                                                                                 |
| FSO . . . . .             | Fund for Special Operations                                                                                |
| IFAD . . . . .            | International Fund for Agricultural Development                                                            |
| IGAD/LA . . . . .         | International Group for Agricultural Development/Latin America                                             |
| IICA (or IAIAS) . . . . . | Inter-American Institute for Agricultural Sciences/Inter-American Institute for Cooperation in Agriculture |
| IMF . . . . .             | International Monetary Fund                                                                                |
| OAS . . . . .             | Organization of American States                                                                            |
| OECD . . . . .            | Organization for Economic Cooperation and Development                                                      |
| DAC . . . . .             | Development Assistance Committee                                                                           |

*(Continued)*

|                    |                                                                   |
|--------------------|-------------------------------------------------------------------|
| OPEC . . . . .     | Organization of Petroleum Exporting Countries                     |
| P.L. 480 . . . . . | Public Law 480 or Food for Peace Program                          |
| UN . . . . .       | United Nations                                                    |
| UNGA . . . . .     | United Nations General Assembly                                   |
| UNCTAD . . . . .   | United Nations Conference on Trade and Development                |
| UNDP . . . . .     | United Nations Development Program                                |
| UNESCO . . . . .   | United Nations Educational, Scientific, and Cultural Organization |
| UNICEF . . . . .   | United Nations Children's Fund                                    |
| UNIDO . . . . .    | United Nations Industrial Development Organization                |
| WFC . . . . .      | World Food Conference                                             |
| WFC . . . . .      | World Food Council                                                |
| WFP . . . . .      | World Food Program                                                |
| WHO . . . . .      | World Health Organization                                         |
| WCARRD . . . . .   | World Conference on Agrarian Reform and Rural Development         |

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- |                   |                                                       |
|-------------------|-------------------------------------------------------|
| Chester Benjamin: | Chapters on FAO and UNDP                              |
| Dana Dalrymple:   | Chapter on International Agriculture Research Centers |
| Anne Gault:       | Chapters on the World Bank and UNCTAD                 |
| Roger Lewis:      | Chapters on the regional development banks            |

All are associated with the Office of International Cooperation and Development. As in previous editions of this publication, we have asked many of the institutions covered to review the material and we are grateful to them for doing so. If there are errors of fact or of judgment, the responsibility is mine.

MARTIN KRIESBERG

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## SUMMARY

This report on multilateral assistance in agriculture describes the work of international organizations in the field of food and agriculture supported by the United States. Increased funding has been given to these organizations in recent years, and they have raised the proportion they allocate to programs in food, agriculture, and rural development. This study (an update of the earlier publication, *International Organizations and Agricultural Development*, May 1977) focuses particularly on what has taken place since the World Food Conference of November 1974.

The World Food Conference and the Seventh Special Session of the United Nations (UN) in September 1974 dealt with issues affecting the availability of food. The United States played a decisive role in both meetings, and is continuing to have a major part in all international forums concerned with food and agriculture.

In the previous decade, bilateral and multilateral aid agencies had given increasing attention to the agricultural problems of developing countries but the food crisis of 1973-74 indicated that a greater national and international effort was needed. Major multilateral aid organizations concerned with food and agricultural development—the International Bank for Reconstruction and Development (IBRD or World Bank), the Inter-American Development Bank (IDB), and the Food and Agriculture Organization of the UN (FAO), with its regular and field programs—increased allocations to food and agriculture from \$600 million a year during 1970-72 to \$2.4 billion a year in 1975-76, and more than \$4.0 billion in each of the years 1978 and 1979.

As a result of the World Food Conference, new institutions were created within the UN system, and older institutions were given broader mandates to help increase food production and improve food security, particularly for vulnerable countries. Of particular importance was the establishment of the International Fund for Agricultural Development (IFAD), a new UN agency with initial resources of over a billion dollars to be used for concessional loans, primarily to improve food production in low-income countries. A World Food Council was set up to review and report on programs and progress in food and agricultural activities of other international agencies. UN bodies, including the FAO, are leaning toward more decentralization, and developing country aid.

The IBRD and the IDB have put major emphasis on projects to improve on farm water supplies and to purchase needed production inputs, particularly machinery. In more recent years these two banks have emphasized livestock as well as crops. In the past 6 to 8 years, IBRD and IDB have supported international agricultural research institutions and IBRD has begun a program of socioeconomic research concerning such problems as rural employment and development, protein shortages, and population pressures.

FAO has emphasized training and technical assistance at country levels, and now seeks to help with investment studies in farming and agribusiness. FAO has been concerned in recent years about trade problems of developing

countries, and the interface between trade policies and development. The international banks and technical assistance agencies, including FAO and the Organization of American States (OAS), have also put increased efforts into country programming and sector analysis.

Important issues have arisen in connection with the increased role of international organizations in worldwide agricultural development and these pose problems for U.S. policy.

While developing countries have pressed for more development aid, they have also pressed for a new international economic order. Over opposition of most Western nations, the UN General Assembly adopted a declaration on a new economic order together with a "charter" on rights and obligations in international economic matters to benefit developing countries. A key question is whether the international organizations will be instruments of development assistance or of fundamental changes in the relationship between industrialized and developing countries.

New ways are being tried to overcome differences and to recognize the aspirations of developing countries. The power of the oil exporting countries is recognized in various ways by the international organizations. In IFAD, the OPEC governments have shared fully in the initial funding, but their contributions to other multilateral aid agencies remain small compared to their foreign exchange earnings.

The food crisis of 1973/74 gave added impetus to programs for increasing production in developing countries. But concerns were expressed in some quarters that the drive for higher output would raise problems of equity, and benefit the larger producers at the expense of the small farmers and rural workers. International organizations and the countries concerned face issues of resource allocation and development strategy in seeking to benefit the different agricultural groups.

With the increased role of multilateral institutions in providing development assistance, the problem of coordination has grown more complex. Both donor and recipient governments have sharpened their concern for more effective use of available resources. Since the 1974 World Food Conference, new institutions have been established with coordinating responsibilities. But the real issue is who will control and direct the growing flow of resources for food and agricultural development.

Among some developing countries, the question is partially answered by the preference for a transfer of resources with a minimum of strings and involvement by donor countries and their institutions. A restructuring of the UN system, to make it a more effective economic development instrument for developing country majorities in the General Assembly, would shift more control over UN development resources to developing countries.

Difficulty in resolving issues that confront the United States in international forums may cause the United States to increasingly assume a role of lesser involvement and to abstain from voting on important matters. But this reaction, and the failure of the United States to fully employ its leadership capacity, may lead, in turn, to even more diffusion of purpose and greater departures from the U.S. point of view of the priorities of multilateral agencies. The United States may need to commit itself to greater, rather than less, participation in international organizations.

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# 1. INTRODUCTION

The World Food Conference, convened by the United Nations (UN) in November 1974, and the UN Seventh Special Session, held in September 1975, were watersheds in the international effort to deal more effectively with world hunger. These two meetings were particularly significant because they dealt with a range of issues affecting availability of food for developing countries, and also because the United States played an important role in their achievements.

Preparations are underway for a new round of U.N. meetings: another try at comprehensive global negotiations and another Special UN session and formulation of a development strategy for the 1980's. Again, problems of food for the world's hungry and agricultural development for the rural poor will be high on the agendas of the international conferences.

At the meetings in 1974 and 1975, the United States recognized the need for concerted international action, and it advanced important proposals to ameliorate the problem of world hunger. It was a U.S. proposal that initiated the World Food Conference. The Conference concluded that the problems of adequate food supplies for the world's low-income people are not solely problems of farming technology, but involve broad political and economic relationships among nations. The Conference noted the historic shift from a situation in which U.S. surplus production and stocks of grain would give supply and price stability for much of the world to a situation where such stability could only come about through worldwide cooperation.

The Seventh Special Session of the UN General Assembly (UNGA) was one of several in which the developing countries demanded "a new international economic order." But the session was given a new dimension by U.S. proposals on food and agriculture. The U.S. Secretary of State proposed:

- Doubling of U.S. bilateral aid for the development of food and agriculture in low-income countries,
- Conditional pledge of \$200 million toward a new \$1 billion International Fund for Agricultural Development,
- New dialogues on commodities between producer and consumer nations,
- Increase in the U.S. food aid budgets of 20 percent, and
- Proposals on the establishment of world grain reserves.

U.S. action in both international forums was new evidence of the importance this country gives to economic development. The United States has been a principal architect of the UN agencies concerned with economic development. Its financial support for multilateral assistance has steadily increased during 1960-79 in contrast to support for bilateral assistance. But the number of impoverished and undernourished has not diminished and the poorest countries have become even more dependent on U.S. harvests and technical cooperation. At the same time, overall U.S. aid, in real terms, has declined during the 20 years and there is evidence that U.S. assistance through international organizations is now also in serious political trouble.

International institutions have received increasing resources and multi-lateral aid agencies in turn have allocated a growing proportion of their resources to the problems of increasing food supplies and improving rural conditions. The food crisis of 1973-74 indicated that a greater national and international effort was needed, and the trend toward greater multilateral aid to agriculture was accelerated. But as food production in many developing countries recovered and food stocks increased, the sense of urgency diminished and the growth in resources available for improving agriculture and rural development was in doubt.

This study, which updates the earlier publication of May 1977, focuses particularly on what has taken place since the World Food Conference because these years have been marked by new institutions and new initiatives in the international community. The United States, as well as the international community and its institutions, stands at a new threshold of cooperation or of confrontation. As the strongest economy in the world, and with preeminence in food and agricultural matters, the United States will consciously or unconsciously leave its mark on whatever the international organizations do in the years immediately ahead.

## **Agricultural Development Activities of International Organizations**

A large number of intergovernmental organizations are involved wholly or partially in world food and agricultural matters. The UN system is the most comprehensive, but it does not encompass all of these organizations. A recent report of the U.S. Senate Select Committee on Nutrition and Human Needs (46)<sup>1</sup> compiled a list of some 89 international governmental organizations that influence national and international food policies.

Included in this listing are UN agencies, international financial or development banks, autonomous intergovernmental commodity groups, specialized technical bodies (for example, the Desert Locust Control Organization for Eastern Africa), and specialized regional bodies (for example, Arab Center for the Study of Arid Zones and Dry Lands).

This study encompasses only those organizations involved in providing development assistance in food and agriculture for developing countries. Many of the organizations included in this survey began operations as "collegiate" agencies, bringing together technical personnel. Others were financial institutions that originally serviced countries at various economic levels, but most have become oriented primarily toward the needs of developing countries. Except for the discussion beginning on page 6 regarding development assistance by the petroleum exporting countries, we include only organizations officially supported by the United States, and for which available data are reasonably adequate and verifiable by U.S. sources.

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<sup>1</sup> *Italicized numbers in parentheses refer to items in the Bibliography, p. 143.*

Most of the international organizations providing assistance for agricultural development in low-income countries are autonomous organizations associated with the UN system (see figure 1). These include the Food and Agriculture Organization of the UN (FAO), the organization primarily concerned with the world's agriculture, and the United Nations Development Program (UNDP), which provides some coordination and considerable funding for development activities carried out by FAO and other organizations. The World Bank is also part of the UN family.

Most of the international organizations providing economic aid that are affiliated with the UN are linked to it through the UN Economic and Social Council (ECOSOC). ECOSOC itself participates in development activities, especially through its Economic Commissions for Asia and the Far East (ECAFE), Africa (ECA), Europe (ECE), and Latin America (ECLA). The UN Conference on Trade and Development (UNCTAD) deals with among other things, the international market side of agricultural development.

A number of organizations were established in the wake of the World Food Conference to deal with various aspects of the food and agriculture problem. One is the World Food Council, a coordinating body providing an overview of what other international organizations are doing; a second is the International Fund for Agricultural Development (IFAD). These new agencies are discussed in chapter 2. (See figure 2 for their relationship to the UN system.)

The Inter-American Development Bank (IDB) and the Asian Development Bank (ADB) are not affiliated with the UN. The African Development Bank (AfDB), though founded under UN sponsorship, operates apart from the UN system. In Latin America, the Organization of American States (OAS) aids the development of agriculture in member states by technical assistance and training activities directly and through its agricultural arm, the Inter-American Institute for Cooperation in Agriculture (IICA). The agricultural activities of these agencies are included in this report.

This report does not include accounts of organizations concerned less directly with agricultural development, such as the World Health Organization (WHO), International Labor Office (ILO), the United Nations Educational, Scientific, and Cultural Organization (UNESCO), nor with the regional economic commissions of the UN. However, there are brief descriptions of cooperative undertakings involving the FAO and other international organizations, not otherwise covered. This report does not cover international commodity organizations such as the International Wheat Council, the International Institute for Cotton, or international agreements for such agricultural crops as sugar or coffee—though these activities influence the work of FAO and other UN bodies and significantly affect the agricultural sector of developing countries.



# THE UNITED NATIONS FAMILY

## (A PARTIAL LISTING OF ORGANIZATIONS AND AGENCIES)

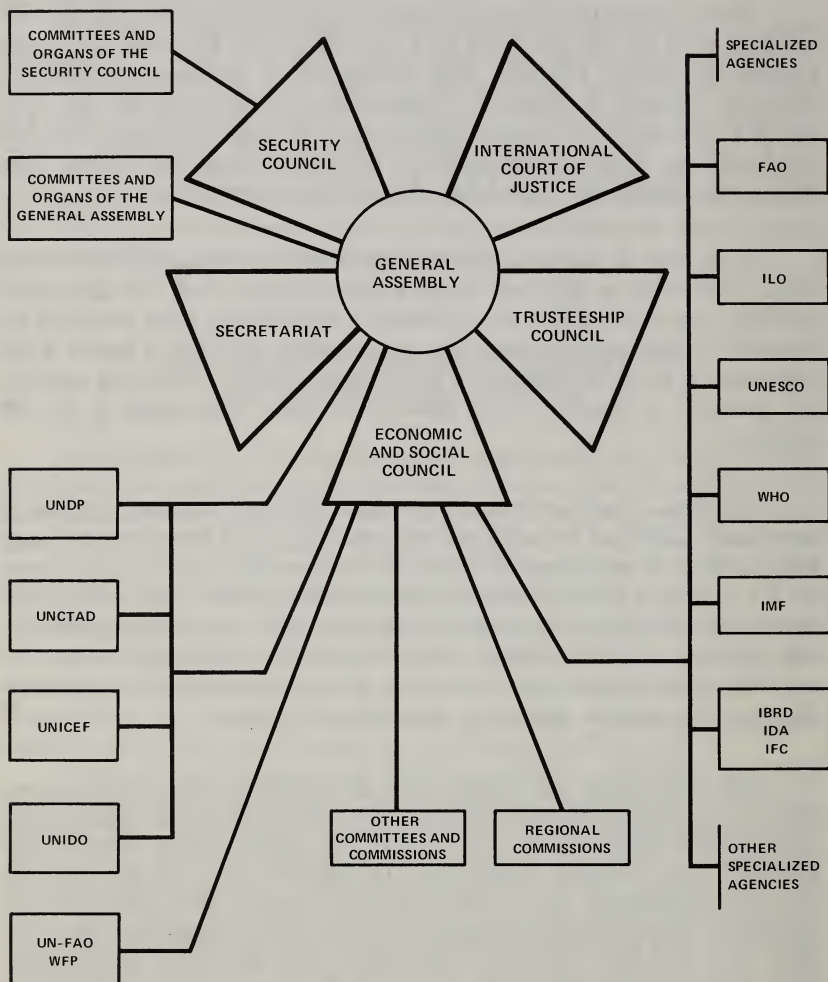


Figure 1

## Trends in Multilateral Assistance

### Contributions by OECD/DAC countries<sup>2</sup>

During the 1960's decade, the ratio of multilateral to total aid on the part of the major donor countries ranged from 6 to 12 percent of official development aid. Between 1971 and 1975 an upward trend began as contributions to multilateral organizations increased from 16 to 27 percent of donor countries' development assistance. For the year 1978, the proportion of Official Development Assistance (ODA) going through international organizations had risen to 35 percent (Table 1).

In 1975, total resource flows from the Organization for Economic Cooperation and Development (OECD) countries reached \$38.8 billion, which exceeded the targeted 1 percent of gross national product (GNP) for the first time. By 1979, total resources made available to developing countries reached \$73 billion in current dollars. This was somewhat below the amount in 1978 but still above 1 percent of GNP. Of the total 1979 resource flows, \$11.2 billion were ODA, i.e., transfers on concessional terms. This was about 34 percent of all resource transfers—a level that has varied little during the past decade.

**Table 1—Contributions to international organizations  
as a percentage of total official aid of OECD/DAC  
countries, 1960/61-1970/71 and 1972-78**

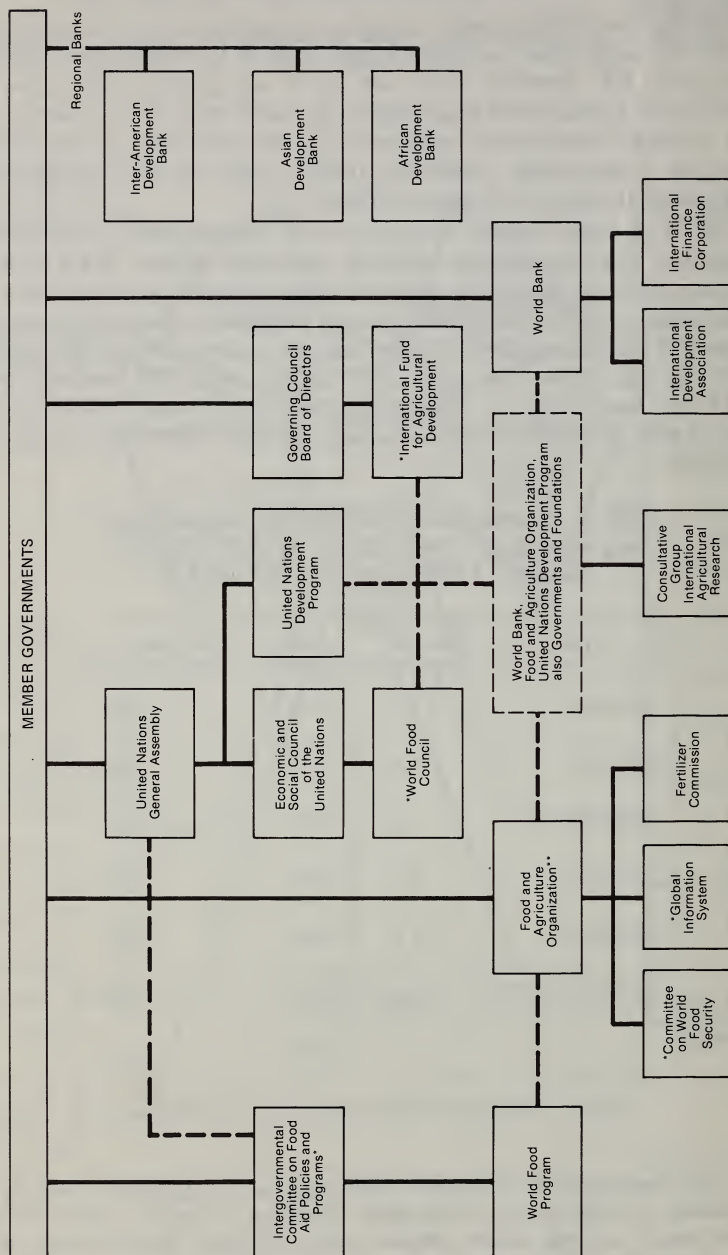
| Year          | Percent | Year | Percent |
|---------------|---------|------|---------|
| 1960/61 . . . | 12.1    | 1972 | 16.6    |
| 1962/63 . . . | 7.4     | 1973 | 24.2    |
| 1964/65 . . . | 6.2     | 1974 | 27.0    |
| 1966/67 . . . | 7.7     | 1975 | 27.6    |
| 1968/69 . . . | 12.7    | 1976 | 28.0    |
| 1970/71 . . . | 16.6    | 1977 | 31.0    |
|               |         | 1978 | 35.0    |

*Source: Development Cooperation, 1979, OECD, Paris.*

<sup>2</sup>The Organization for Economic Cooperation and Development is made up of industrialized countries, and its Development Assistance Committee (DAC) member countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Italy, Japan, the Netherlands, Norway, New Zealand, Sweden, Switzerland, United Kingdom, and the United States. Source: Development Cooperation, 1975, OECD, Paris.

Figure 2

**International Organizations Concerned with  
Food and Agricultural Development**  
(Partial Listing)



\*New Institutions.

\*\*FAO has other committees and special operating units

The U.S. portion of the total OECD official development assistance declined from 31 percent in 1970 to 22 percent in 1977. In 1978 the United States contributed \$5.66 billion, an increase to 27 percent of OECD totals; but in 1979 U.S. assistance fell to \$4.57 billion, dipping below 20 percent of the OECD total for the first time.

Within the OECD/DAC countries, the European Community (EC)<sup>3</sup> carries on a multilateral assistance program through several institutions, principally the European Development Fund and the European Investment Bank. The Fund provides assistance, most as grants; its resources are derived from special contributions from Member States. The European Investment Bank makes loans on concessional terms; its resources are provided by Member States and borrowings on capital markets.

Four phases or resource replenishments have taken place since the EC program began in 1959. The level of assistance was greatly increased by the fourth replenishment, associated with the Lome Convention, a new wide-ranging economic aid agreement with 46 countries in Africa, the Caribbean, and the Pacific. Some 3.15 billion u/a were pledged to the Fund and 400 million u/a to the Bank for the period 1975-80. In 1974 and 1975, a significant portion (about 40 percent) of all great assistance was in the form of food aid. Assistance provided by Member States through the EC Fund and Bank is separate from their respective bilateral programs and participation through other multilateral aid institutions. However, assistance provided through the Fund and the Bank is considered part of official development assistance and is included in the amounts usually aggregated as aid from the OECD/DAC group of countries. A significant proportion of the assistance provided by the European Development Fund and the European Investment Bank goes for the poorest countries and for rural development.

Most developed countries have significantly increased their contributions to multilateral organizations during recent years. The weighted average of all development assistance going through multilateral organizations increased from 6.1 percent in 1964-66 to 27.6 percent in 1975 and 35 percent in 1978. In 1978, multilateral organizations received more than a third of all official development assistance provided by OECD countries (table 2).

The U.S. share of contributions to international organizations more than quadrupled, going from 2.5 percent in 1964-66 to 12.9 percent in 1970, and almost doubling again by 1974 to 23.6 percent. In 1978 the U.S. channeled almost 39 percent of its ODA through multilateral agencies.

## Multilateral Assistance by OPEC Countries

As the nations in the Organization of Petroleum Exporting Countries (OPEC) acquired new wealth and substantial reserves of convertible currencies, questions were raised concerning their contribution toward the

---

<sup>3</sup>Originally, six countries comprised the EC: France, West Germany, Italy, Belgium, Netherlands, and Luxembourg; the United Kingdom, Ireland, and Denmark are also members now and contribute to EC Multilateral assistance agencies.



economic development of low-income countries. OPEC-country efforts to provide development assistance have only recently begun and it is not clear how much of the aid has been for economic development, military, or budgetary support, and how much of the sums publicly announced have actually been disbursed.

Three aspects of aid from OPEC countries should be noted. First, the amounts of wealth and reserves among OPEC countries vary greatly; hence their ability to transfer resources to other developing countries also varies. Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates, with relatively small populations and large earnings, and to a lesser extent Iran and Venezuela are in a position to make significant contributions. Since 1979 Iran's ability to provide foreign assistance, and its interest in doing so, has been uncertain. Other OPEC countries, such as Indonesia and Nigeria, do not have large capital reserves. Second, most of the grant or concessional aid that has been provided thus far has been directed toward Arab countries and appears to be for budgetary support purposes. Third, most of the resources that have been provided through existing international organizations have been by purchases of bonds marketed by the development banks, which carry good interest rates and guarantees by the industrialized countries.

Multilateral aid has been a small part of the total aid announced by OPEC countries. In 1978, concessional development assistance disbursed by OPEC countries through multilateral agencies was about \$1,060 million. It is not known what proportion of this money was for food and agricultural projects in recipient countries. Most of the money contributed to multilateral agencies went to newly established regional Arab institutions. Table 3 lists the multilateral institutions receiving support from OPEC countries and the amount of commitments and disbursements in 1976-78.

In 1976 an \$800-million special fund with contributions from 11 OPEC countries was established. It is to provide very concessional loans, particularly for some 40 countries identified by the UN as most in need. The OPEC contributed \$400 million of this as an initial contribution to the International Fund for Agricultural Development (IFAD).

## **Trends in Program Commitments By International Organizations**

In recent years all the multilateral institutions supported by the United States and other OECD/DAC countries have given high priority to agriculture and rural development. The UNDP, IBRD, and IDB allocated greatly increased funds for agricultural projects during the 1970's as shown in table 4.

The increased flows have been hurt by inflation. In 1971, contributions to agriculture were \$664 million. In 1973 contributions reached \$1.29 billion, and in 1975, \$2.44 billion. But in terms of 1971 dollars, this means 1973 contributions were equivalent to \$924 million and 1975, \$1.417 billion.<sup>4</sup> In 1978, new ODA commitments for agriculture and rural sector

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<sup>4</sup> *World Bank, Technical Note on Deflators, Nov. 29, 1976.*



Table 2—Proportion of official development assistance through multilateral organizations, 1964-66, 1970, 1974, 1978

| Country               | 1964-66 | 1970 | 1974 | 1978 | Country                           | 1964-66 | 1970 | 1974 | 1978 |
|-----------------------|---------|------|------|------|-----------------------------------|---------|------|------|------|
| Norway . . . . .      | 66.7    | 60.2 | 44.4 | 45.8 | Belgium . . . . .                 | 7.5     | 22.9 | 23.4 | 42.1 |
| Sweden . . . . .      | 57.5    | 46.1 | 41.8 | 39.6 | Germany . . . . .                 | 8.1     | 22.2 | 29.0 | 35.5 |
| Denmark . . . . .     | 60.5    | 36.7 | 44.5 | 43.9 | Japan . . . . .                   | 12.1    | 18.9 | 21.8 | 30.9 |
| Netherlands . . . . . | 38.4    | 21.3 | 30.5 | 26.5 | United Kingdom . . . . .          | 10.7    | 10.7 | 30.3 | 42.1 |
| Switzerland . . . . . | 32.7    | 39.1 | 34.0 | 41.8 | Australia . . . . .               | 8.0     | 6.1  | 9.4  | 28.6 |
| Italy . . . . .       | 36.0    | 47.4 | 99.9 | 87.3 | United States . . . . .           | 2.5     | 12.9 | 23.6 | 38.7 |
| Austria . . . . .     | 30.0    | 60.3 | 66.3 | 32.0 | France . . . . .                  | 3.2     | 10.6 | 14.1 | 13.1 |
| Canada . . . . .      | 21.0    | 22.7 | 30.4 | 38.8 | Weighted DAC<br>average . . . . . | 6.1     | 16.5 | 27.0 | 34.0 |

Sources: (33), and (34).

projects reached some \$4.3 billion, using current dollars. In 1979, the total dollar commitments declined somewhat to \$4.2 billion, but given the accelerated rates of inflation, this represents a significant drop in resource flows. Most of this decline reflects World Bank problems in bringing new projects through the pipeline and, possibly, some problems in absorptive capacity. Table 4 suggests that large IBRD commitments in one year are often followed by a decline from trend the following year; for the fiscal year ending June 30, 1980, the World Bank's loans to agriculture and rural development rebounded to \$3,528 million.

Multilateral aid organizations are directing increased attention to problems of the least developed among the developing countries and the poorest sectors of the population within them. Existing programs are being reexamined and a search is under way for new programs to reach these groups which, thus far, have participated little in the improved economic conditions of the 1970's.

## **The United States and the International Organizations**

### **Policies on U.S. Contributions to Multinational Development Organizations**

The principal multinational organizations to which the United States has contributed are the United Nations and its specialized agencies and the international development banks. Most U.S. contributions have been in amounts and at times determined in concert with other member countries. To a large extent, contributions are related to the countries' relative ability to pay. The United States has also made voluntary contributions to the international finance institutions, but most of the support has been through capital subscriptions, including provisions for callable capital resources. The callable capital is not paid in but provides the guarantee which permits development banks to borrow monies at favorable rates in the commercial money markets of the world.

The U.S. approach in contributing to multinational aid organizations has been characterized by several considerations. First, the United States has channeled an increasing share of its overall economic and humanitarian assistance channeled through the international institutions. Second, it has sought to strengthen the administrative and operational effectiveness of these organizations so that the United States and the recipient countries obtain increased value for the money expended. Third, the United States has urged the international organizations to give priority in their aid to the most needy countries and population groups within them. Fourth, the United States has sought to have its contributions make up a smaller part of the total development programs of the international organizations by encouraging other developed countries (and developing countries with large foreign exchange reserves) to carry a great share of the burden. As part of that policy, the United States has sought and succeeded in having assessed budgets of the international organization make up a smaller portion of total resources—with more being made available as voluntary contributions. Table 5 indicates the

Table 3—OPEC concessional assistance through multilateral organizations, 1974-78<sup>1</sup>

| Multilateral organization                               | Commitments            |      | Disbursements |      | Commitments |         | Disbursements |       |
|---------------------------------------------------------|------------------------|------|---------------|------|-------------|---------|---------------|-------|
|                                                         | 1974                   | 1975 | 1974          | 1975 | 1976        | 1977    | 1976          | 1977  |
|                                                         | <i>Million dollars</i> |      |               |      |             |         |               |       |
| African Development Bank and Fund . . . . .             | 33                     | 27   | 31            | 24   | 84.6        | 24.2    | 42.4          | 63.5  |
| Arab Fund for Economic and Social Development . . . . . |                        |      |               |      |             |         |               | 39.9  |
| OPEC <sup>2</sup> Special Account . . . . .             | 38                     | 44   | 38            | 44   | 128.6       | 85.9    | 89.5          | 88.1  |
| Special Arab Fund for Africa . . . . .                  | 78                     | 62   | 78            | 5    | —           | —       | —             | —     |
| Arab Bank for Economic Development in Africa . . . . .  | 160                    | —    | 60            | 100  | 160.0       | —       | —             | —     |
| Islamic Development Bank . . . . .                      | 100                    | 100  | —             | 80   | —           | —       | —             | —     |
| Islamic Solidarity Fund . . . . .                       | 140                    | 143  | —             | 142  | 135.2       | 141.6   | 156.5         | 141.6 |
| Caribbean Development Bank . . . . .                    | 13                     | 2    | —             | 6    | 11.5        | —       | —             | —     |
| UN Special Acct. & UN Agencies . . . . .                | 10                     | —    | 10            | —    | —           | —       | —             | —     |
| IDA and IBRD <sup>3</sup> . . . . .                     | 170                    | 125  | 120           | 107  | 106.0       | 49.6    | 62.6          | 54.5  |
| Other . . . . .                                         | 11                     | 71   | 9             | 39   | 31.0        | 166.9   | 324.4         | 66.8  |
| OPEC Special Fund . . . . .                             | 8                      | 25   | 1             | 13   | —           | —       | —             | —     |
| Total . . . . .                                         | 761                    | 599  | 347           | 560  | 1,045.6     | 1,215.2 | 728.7         | 620.6 |
|                                                         |                        |      |               |      |             |         |               | 763.3 |

<sup>1</sup> See (35) p. 5, and "Recent Development Initiatives," p. 7, OECD Observer, Jan-Feb., 1976. Also, OECD Document, the Aid Program of OPEC Members, Nov. 1976. Also see OECD "Development Cooperation," 1979 Review, Tables G-5 and G-6.

<sup>2</sup> Organization of Arab Petroleum Exporting Countries.

<sup>3</sup> IBRD's Third Window is included for 1975.

<sup>4</sup> This includes OPEC's contribution to IFAD, monies that went to Egypt in 1977 (\$1.2 billion) and in 1978 (\$296 million) are not included.

Table 4—Agricultural funding by international organizations, 1967/68-1971/72, 1973-79

| Organization                    | 1967/68                | 1969/70 | 1971/72 | 1973    | 1974    | 1975    | 1976    | 1977    | 1978                 | 1979    |
|---------------------------------|------------------------|---------|---------|---------|---------|---------|---------|---------|----------------------|---------|
|                                 | <i>Million dollars</i> |         |         |         |         |         |         |         |                      |         |
| IBRD/IDA <sup>1</sup> . . . . . | 130.0                  | 397.9   | 477.5   | 937.7   | 955.9   | 1,857.5 | 1,627.6 | 2,308.0 | 3,269.7 <sup>3</sup> | 2,547.0 |
| IDB/FSO <sup>1</sup> . . . . .  | 110.0                  | 219.3   | 111.6   | 187.0   | 238.0   | 332.0   | 427.9   | 351.0   | 263.7                | 676.0   |
| AsDB. . . . .                   | NA                     | NA      | NA      | 47.3    | 134.0   | 245.9   | 200.9   | 259.7   | 310.7                | 325.0   |
| AfDF. . . . .                   | N/A                    | NA      | NA      | NA      | 26.7    | 32.2    | 40.0    | 58.0    | 65.2                 | 75.0    |
| IFAD. . . . .                   | NA                     | NA      | NA      | NA      | NA      | NA      | NA      | NA      | 100.0                | 300.0   |
| UNDP/FAO <sup>2</sup> . . . .   | 92.2                   | 120.2   | 154.9   | 165.2   | 185.2   | 254.1   | 278.0   | 280.0   | 317.0                | 320.0   |
| Total . . . . .                 | 332.2                  | 737.4   | 744.0   | 1,337.2 | 1,529.8 | 2,721.7 | 2,574.4 | 3,256.7 | 4,316.3 <sup>3</sup> | 4,243.0 |

<sup>1</sup> IBRD and IDB, as financial institutions, report funding in terms of program activities; the figures here do not include administrative costs. IBRD figures are for fiscal years, ending June 30; other data are for calendar years.

<sup>2</sup> FAO's regular budget, UNDP funds allocated to FAO, and other resources provided for FAO's work.

<sup>3</sup> For fiscal 1980, the World Bank made loans to the agriculture sector of \$3,528 million — a new high—and continued its trend of increased support for this sector.



trend of U.S. bilateral and multilateral assistance for the 15-year period, fiscal 1964-79. In multilateral assistance the portions of funds allocated to multilateral institutions by the Agency for International Development and the Department of Agriculture for Food Aid have been subtracted from the bilateral figures and included along with direct appropriations to multilateral agencies. U.S. appropriations for the development banks include monies for capital subscriptions and for concessional fund operations.

## U.S. Government Agencies and the International Organizations

Within the executive branch of the U.S. Government, the Department of State has overall responsibility for U.S. relations with multilateral organizations. Liaison with the international finance institutions such as IBRD and IDB is delegated to the Treasury Department, and the Department of Agriculture coordinates participation with FAO (46). In each of these Departments an assistant secretary concerned with international affairs provides leadership. In USDA it has been the Under Secretary for International Affairs and Commodity Programs. The Treasury Department operates through an interagency committee, the National Advisory Council on International Monetary and Financial Policies (NAC), which includes representatives of AID, the Export-Import Bank, the Federal Reserve Bank, and the Departments of State, Commerce, and Agriculture, as well as other agencies having an interest in international economic affairs. The NAC submits an annual report to the President and the Congress.

In providing liaison for FAO, the Department of Agriculture works through an Interagency Working Group, which has representatives from the Department of State, IDCA/AID, and various USDA agencies concerned with international agriculture, forestry, and nutrition. The agencies represented are responsible for formulating U.S. policy on programs and operations of FAO and other multilateral agencies concerned with food, agriculture, and rural development. The Department of State provides leadership and liaison with the UN General Assembly and the UNDP, but it delegates technical responsibility for other technical UN bodies, such as the ILO and WHO, to the appropriate U.S. agency, such as the Department of Labor, Department of Education, or the Department of Health & Human Services.

In each Department with delegated responsibility, a few people devote most of their time to the activity and draw upon others as needed from their agency and other relevant agencies to draft U.S. position papers and participate in technical meetings or in meetings of the governing bodies. Since UN specialized organizations have become the scene of political as well as technical debates—with issues being carried over from the UN General Assembly—the need for continuity and political sensitivity on the part of U.S. representatives to these agencies has become more evident.

Because world food and agriculture problems have an impact on U.S. domestic as well as foreign policies and on nonagricultural as well as



Table 5—U.S. bilateral and multilateral assistance, 2-year averages, 1964/65 – 1972/73 annual 1974-79

| Category                                                       | FY<br>1964/65 | FY<br>1966/67 | FY<br>1968/69 | FY<br>1970/71 | FY<br>1972/73 | FY<br>1974 | FY<br>1975 | FY<br>1976 | FY<br>1977 | FY<br>1978           | FY<br>1979           |
|----------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|------------|------------|------------|------------|----------------------|----------------------|
| <i>Million dollars</i>                                         |               |               |               |               |               |            |            |            |            |                      |                      |
| Bilateral assistance:                                          |               |               |               |               |               |            |            |            |            |                      |                      |
| AID (economic, humanitarian, and support assistance) . . . . . | 1,985.0       | 1,953.0       | 1,726.0       | 1,539.8       | 1,580.7       | 1,452.3    | 1,898.1    | 2,767.1    | 2,946.0    | 3,513.0              | 3,882.0              |
| P.L. 480 food aid (expenditures) . . . . .                     | 2,239.7       | 1,790.5       | 1,259.0       | 1,093.0       | 1,039.0       | 849.0      | 1,076.0    | 964.0      | 1,258.0    | 1,923.0              | 1,374.0              |
| Peace Corps. . . . .                                           | 80.8          | 108.9         | 103.6         | 87.9          | 77.8          | 76.9       | 77.6       | 81.0       | 80.0       | 86.2                 | 99.2                 |
| Total . . . . .                                                | 4,305.5       | 3,852.4       | 3,088.6       | 2,720.7       | 2,697.5       | 2,378.2    | 3,051.7    | 3,812.1    | 4,284.0    | 5,522.2              | 5,355.2              |
| Multilateral assistance:                                       |               |               |               |               |               |            |            |            |            |                      |                      |
| Asian Development Bank . . . . .                               | —             | 70.1          | 10.5          | 20.0          | —             | 50.0       | 74.1       | 120.6      | 145.6      | 217.5                | 264.9                |
| Inter-American Development Bank <sup>1</sup> . . . . .         | 318.5         | 352.9         | 402.9         | 390.5         | 315.1         | 418.4      | 225.0      | 440.0      | 906.0      | 480.0                | 763.7                |
| World Bank <sup>2</sup> . . . . .                              | 61.7          | 104.0         | 132.0         | 160.0         | 221.5         | 320.0      | 320.0      | 375.0      | 430.0      | <sup>6</sup> 1,218.0 | <sup>6</sup> 1,460.0 |
| UN and UN agencies <sup>3</sup> . . . . .                      | 60.7          | 72.6          | 87.4          | 101.4         | 130.2         | 141.5      | 142.4      | 190.0      | 243.7      | 281.3                | 283.3                |
| Regional organizations <sup>4</sup> . . . . .                  | 23.3          | 27.5          | 29.2          | 36.6          | 45.8          | 56.7       | 59.4       | 66.1       | 79.2       | 105.6                | 96.4                 |
| Special voluntary programs <sup>5</sup> . . . . .              | 194.4         | 224.6         | 189.3         | 233.6         | 345.2         | 284.1      | 335.7      | 546.2      | 337.0      | 384.0                | 260.0                |
| Total . . . . .                                                | 658.6         | 851.7         | 851.3         | 942.1         | 1,057.8       | 1,270.7    | 1,156.6    | 1,737.9    | 2,141.5    | 2,686.4              | 3,128.3              |
| Total foreign assistance . . . . .                             | 4,964.1       | 4,704.1       | 3,939.9       | 3,662.8       | 3,755.3       | 3,648.9    | 4,208.3    | 5,550.0    | 6,425.5    | 8,208.6              | 8,483.5              |
| <i>Percent</i>                                                 |               |               |               |               |               |            |            |            |            |                      |                      |
| Percent multilateral . . . . .                                 | 13.3          | 18.1          | 21.6          | 25.7          | 28.2          | 34.8       | 27.5       | 31.3       | 33.3       | 32.7                 | 36.9                 |

<sup>1</sup> The IDB operates on a calendar-year basis but the figures used here are FY appropriations during the respective calendar year; FY 1973 figures include \$225 million for replenishment of the FSO and \$193.4 million of ordinary capital.

<sup>2</sup> The World Bank figures for 1964 – 71 are for replenishments of IDA; for 1972/73, a portion is also for ordinary capital; commitments to the World Bank prior to the 1964 figures include the U.S. subscription of \$320 million ordinary capital and \$312 million in "callable" capital subscribed to when the Bank was established.

<sup>3</sup> Figures for the UN agency group are for assessed budgets for the regular operations of the UN and its associated organizations.

<sup>4</sup> The regional organizations include those of the inter-American system.

<sup>5</sup> The special voluntary programs include contributions for the UNDP, WFP, WHO, and also the multilateral refugee programs. Special voluntary contributions show a substantial increase for the years 1972/73, owing to the Bangladesh relief program and for drought stricken countries of Africa; in 1976 the increase is accounted for by \$200 million earmarked for IFAD.

<sup>6</sup> These amounts include U.S. contributions to IBRD/IDA in connection with new replenishments.

Sources: AID: Total program availability from Congressional Presentation, Reports Division, Office of Financial Management. P.L. 480: ASCS/USDA; totals do not include transportation costs. Development banks: Annual Reports, UN and UN agencies, regional organizations, and special voluntary programs; 1964-1976, communication from the Secretary of State transmitting the Annual Report on U.S. Contributions to International Organizations, Washington; House Document No. 94-333 and annual reports printed in 1974 and 1976; budget presentations by the Department of State for 1977-80.

agricultural sectors, U.S. agencies with several different missions and constituencies are involved in shaping U.S. policies in international agriculture. For example, the Department of Agriculture has a special interest in helping expand exports of agricultural commodities; the Treasury Department has a concern with balance of payments and the cost of food in the United States; and the Department of State has a primary interest in how international agricultural policies affect U.S. foreign policy objectives. To assure involvement of the different U.S. agencies and interests in this process, additional coordinating mechanisms have been established.

Under provisions of the U.S. Foreign Assistance Act, as amended in 1973, the Development Coordination Committee (DCC) was established. This committee has been given a broader mandate in recent years. Previously chaired by the Administrator of AID, it is now chaired by the Director of the International Development Cooperation Agency (who reports to the President on development matters). The DCC has representatives from the Departments of Agriculture, State, Treasury, Labor, and Commerce, as well as the Export-Import Bank, the Office of Management and Budget, the National Security Council, and others.

The Development Coordination Committee is responsible for overall U.S. policies affecting the development of low-income countries, including U.S. voluntary contributions to multilateral organizations concerned with development. It publishes an annual report to the Congress on development events and issues. The DCC operates through several working committees including: Sub-Committee on Multilateral Assistance (which has the Inter-agency Working Group on Food and Agriculture), Sub-Committee on Food Aid, and Sub-Committee on Bilateral Assistance. Most of the subcommittees under the DCC meet infrequently on a "when-needed" basis.



## **2. WORLD FOOD CONFERENCE AND NEW INTERNATIONAL INSTITUTIONS**

### **The World Food Conference**

The World Food Conference was convened by the UN General Assembly in Rome on November 5-16, 1974. It was a historic meeting of ministers. Proposals for this conference had been formally made by nonaligned governments meeting in Algiers on September 5-9, 1973, and also by the U.S. Secretary of State in an address to the UN General Assembly on September 24. The UN bodies acted swiftly in response to a serious food situation resulting from widespread crop failures in 1973 in Eastern Europe and less developed countries.

Particularly hard-hit were the developing countries which depended on imports for their food but which could not pay for both higher priced oil as well as foodstuffs. Unlike previous international meetings on food and agriculture, the 1974 Conference recognized that the problems to be overcome were less technical than political and economic, and that firmer political wills were needed to commit the increased resources and make the policy decisions essential for a more rapid increase in food production.

Government representatives at the Conference made commitments that laid the foundation for actions at both national and international levels. The Conference agreed upon a "Universal Declaration on the Eradication of Hunger and Malnutrition," which embodied the concerns and aspirations of the delegates and put the problem in the context of broader international economic relations.

The conferees also agreed on some 20 resolutions that addressed various problems of food and agriculture—particularly as they pertained to the needs of developing countries. These resolutions were adopted by the UN General Assembly in December 1974, thereby adding its weight to the Conference conclusions and the actions called for. Now, 5 years later, food production has increased significantly and arrangements for food aid and reserves give some security against widespread crop failures. But beyond this, and particularly for the poorest countries and the poorest peoples, the situation remains precarious. For them, hunger and malnutrition remain a persistent reality.

### **Conference Resolutions**

Prior to the meeting of ministers at the World Food Conference, there had been several preparatory meetings of representative governments at which an agenda and conference objectives were negotiated. At the third preparatory session, some 10 operative resolutions were agreed upon and the

following resolutions were adopted at the final plenary meeting of the Conference:

## *Food production*

- *Resolution I.* To solve the food problem, highest priority should be given to policies and programs for increasing food production and improving food utilization in developing countries; food production and food utilization objectives, targets, and policies, for the short, medium, and long term, should be formulated with full participation of producers, their families, and farmers' and fishermen's organizations; agrarian reforms and adequate supporting services, credit facilities, and incentives should be developed; external assistance should be increased and an International Fund for Agricultural Development established.

- *Resolution II.* Governments should organize, activate, and assist the rural population to participate in integrated rural development efforts. Governments should also promote the development of cooperative organizations and other associations for the mass of farmers and rural workers to generate greater self-reliance and self-sufficiency. Price relationships should be set to increase incentives and incomes. International agencies should review their criteria for assistance to integrated rural development, giving greater importance to social criteria.

- *Resolution III.* The FAO Commission on Fertilizer should undertake an authoritative analysis of the long-term fertilizer supply and demand situation; also, increased support should be given to international fertilizer programs. Financial and technical assistance, and technology and equipment on favorable terms, should be provided to build required additional fertilizer production capacities in appropriate developing countries that possess natural resources, or where specific local factors justify such investments.

- *Resolution IV.* Agricultural research, training, and extension programs should be intensified at national and international levels. Basic and applied research should, in particular, be concerned with the impact of climate, weather, and their variability on agricultural production and with the application of meteorological information and knowledge in planning land use. The resources of the Consultative Group on International Agricultural Research should be substantially enlarged.

- *Resolution V.* Policies and programs for improving nutrition should be strengthened by national governments and international organizations.

- *Resolution VII.* A world soil chart and land capability assessment study should be undertaken.

Regarding financing for increased food production in developing countries, conferees set a target of \$5 billion a year in external assistance

based on FAO estimates. Except for a related provision calling for the establishment of a new international agricultural development fund, the source of other funds remained an open question. There were statements on the primary responsibility of developing countries themselves, but there was no indication how they might increase the allocation of internal resources for food and agricultural development, or to what extent these countries had the capacity to absorb substantial increases of external funds.

### *Food security*

- *Resolution XVI.* A Global Information and Early Warning System on Food and Agriculture, operated and supervised by FAO, should be established. The information thus collected should be fully analyzed and disseminated periodically to all participating governments. The World Meteorological Organization should also provide regular assessments of current and recent weather to identify changes in patterns, investigate weather/crop relationships, and encourage investigations on the probability of adverse weather conditions occurring in various agricultural areas.

- *Resolution XVII.* The International Undertaking on World Food Security, which had earlier been proposed by FAO, should be established and supported by all governments. The Undertaking carried the introductory statement that it is the common responsibility of the entire international community for evolving policies and arrangements designed to ensure world food security and, in particular, to maintain adequate regional and national stocks. The importance of participation by all producing and consuming countries in the FAO Undertaking was stressed.

The FAO Undertaking commits governments to "adopt policies concerning cereals...which would result in maintaining a minimum safe level of basic cereal stocks for the world as a whole" to "establish stock targets...at least at the level necessary for ensuring continuity of supply, including provision for emergencies; to replenish stocks as soon as feasible." In periods of shortages, stocks "in excess of minimum safe levels for domestic needs" should be made available for export "on reasonable terms."

- *Resolution XVII.* Forward planning and commitments were urged with 10 million tons of grain a year as a target. Multilateral and bilateral programs should be coordinated through the World Food Program's Intergovernmental Committee on Food Aid, and emergency stocks should be earmarked.

### *Trade in foodstuffs*

- *Resolution XIX.* Some consensus was reached on provisions stating that trade should be liberalized, speculative practices should be prevented, and world markets stabilized. Conferees expressed the need for measures to assure the poorer sectors of rural populations—in exporting developing countries—of a reasonable share in the opportunities and benefits offered by trade



expansion. International arrangements were proposed to deal with the problem of stabilizing world markets, particularly for foodstuffs. International agricultural adjustments were proposed that might enable and facilitate the expansion of food and agricultural imports from developing countries in competition with domestic production of developed countries.

Resolutions not directly related to the others included: added emphasis on women's rights and responsibilities in the battle against world hunger (VIII); rational long-term population policies (IX); and reduced military expenditures to allow increased outlays for increasing food production (XIV).

The Conference also called for a number of new organizations and institutional arrangements to assure more effective followup to the substantive resolutions and to coordinate activities. The resolutions for new institutions reflected the efforts of many developing countries to gain more purposeful action through the UN system and some resistance by industrial countries and others to establish additional international organizations.

Many of the followup actions were delegated to existing international institutions in line with their ongoing programs. In Resolution XXII, the Conference called for three new institutions—a World Food Council, an International Fund for Agricultural Development (described in a separate Resolution XII), and a Consultative Group on Food Production and Investment. These first two institutions are described in the following pages; The Consultative Group has been disbanded and is discussed under the section assessing the impact of the World Food Conference.

Figure 2 indicates the relationships of these new international institutions to other organizations of the UN system concerned with food and agricultural development. The chart also indicates some of the institutional arrangements within older organizations, such as FAO, to assure effective followup to proposals made by the Conference.

## **World Food Council**

The Conference agreed to establish a World Food Council, entrusting it with followup and coordinating responsibilities. Meeting in December 1974, the UN General Assembly adopted Resolution XXII, under which the Council would do the following:

(1) Make periodic reviews of major problems and policy issues affecting the world food situation;

(2) Make periodic reviews of steps being proposed or taken to resolve the problem by governments, by the UN system, and its regional organizations;

(3) Recommend remedial action as appropriate to resolve these problems;

(4) Coordinate relevant UN bodies and agencies dealing with food problems, giving special attention to the problems of the least developed and most seriously affected countries; and

(5) Maintain contacts with, receive reports from, give advice to, and make recommendations to UN bodies and agencies with regard to the formulation and followup of world food policies, and cooperate with regional bodies to formulate and follow up policies approved by the Council.

The World Food Council was designated as the highest institution on world food problems in the UN system, with responsibilities that transcend near-term followup activities of the World Food Conference.

## Organization and Operations

When the General Assembly accepted the resolution to create the World Food Council it also accepted the nominations of ECOSOC for 36 countries which would initially comprise the new body. In 1980, the member nations were as follows: nine members from African states—Botswana, Ethiopia, Gabon, Ghana, Liberia, Malawi, Morocco, Senegal, and Sudan; eight from Asian states—Bangladesh, India, Iran, Iraq, the Philippines, Sri Lanka, Japan, and Thailand; seven from Latin American states—Colombia, Honduras, Mexico, Nicaragua, Trinidad and Tobago, and Venezuela; four from the socialist states of Eastern Europe—German Democratic Republic, Romania, Yugoslavia, and the USSR; and eight from Western Europe and “other nations”—Australia, Canada, Denmark, the Federal Republic of Germany, Italy, the Netherlands, the United Kingdom, and the United States. Membership is rotated, with 12 nations serving initially for 1 year, 12 for 2 years, and 12 for 3 years, with re-election possible.

The World Food Council has met six times at the ministerial level. The very breadth of the Council's mandate led to efforts, in its first two meetings, to clarify the Council's authority and focus the work of its Secretariat. Member countries have been divided as to how much authority the Council should have to oversee and provide direction to other international bodies concerned with food and agricultural problems. In general, developing countries sought a Council with more authority, while industrialized countries favored a more deliberative body for better coordination of international agencies promoting food and agricultural development.

The Secretariat of the Council is small, and member countries agree that a new international bureaucracy should not be created. The Council is not an operating agency, but rather a forum and mechanism for initiating ideas and for reviewing the work of other international organizations with operating programs. The Executive Director of the Council is appointed by the UN Secretary General in consultation with FAO and other international institutions. The Secretariat also includes a deputy and an assistant director, together with a small staff. The terms of the appointments have not been fixed thus far. The Council has relied on FAO, UNDP, and the World Bank for personnel support during its first year's operation, but now has its own budget, voted upon by the UNGA, and makes its own staff appointments.

At the first meeting of the World Food Council, a president was elected and given authority to represent the Council at the political level. This arrangement continued through the subsequent meetings of the Council and

the early ambiguity as to the spheres of authority and responsibility of the Council's Executive Director and of its president has been resolved. The Executive Director, as a full-time employee, supervises the Secretariat staff at the WFC headquarters in Rome; the WFC President provides political leadership.

To expedite the work of the Council, the Secretariat prepares papers on the principal agenda items to be considered. The Council Secretariat receives the reports on programs and policies of UN agencies concerned with, and bearing on, world food problems. These together with data and reports—particularly from FAO, IBRD, and the UNDP—provide the raw material for its studies.

However, the analyses made and the papers prepared for the Council meetings are drafted specifically for that body by the WFC staff. Preparatory committees representing the member nations of the Council meet several weeks prior to the ministers' sessions, review the Secretariat's draft papers, and define the issues which should be considered by the Council at the ministerial level. Reports of the Council's deliberations and recommendations are prepared by the Secretariat and transmitted in the name of the World Food Council to the General Assembly through the UN's Economic and Social Council for information or further action. Between annual meetings of the Council at ministerial level, the WFC President and Executive Director call on member governments to encourage actions in line with the recommendations agreed upon during the Council sessions.

## Program of Work

The Secretariat sees the Council as providing a mechanism for overall, integrated, and continuing coordination and followup of policies concerning food production, food consumption and nutrition, food security, food trade, and food aid. To do this, the Secretariat feels that the Council must:

- Mobilize additional resources for the objectives and targets approved by the World Food Conference.
- Persuade governments to develop the political will required to undertake policy actions which are necessary for solving their food problems at the national and international levels.
- Promote coordination among agencies and organizations—international and regional, multilateral and bilateral—that directly or indirectly affect the ultimate solution of the world food problem.<sup>1</sup>

In each of these areas, the role of the Council is selective and complementary to the programs and activities of other international bodies, particularly FAO, the development banks, and the UNDP.

Three of the major components of an overall food strategy—food production, food security, and food aid—were on the agenda of the Council

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<sup>1</sup>*Executive Director's note for the Council meeting in June 1976.*



at its second session. On the issue of food production, the Council agreed that accelerating production in developing countries was of highest priority. The Secretariat placed a number of proposals before the Council at its second session so that delegates might decide on a course of action for their own efforts and the Secretariat's. The Council did not adopt the proposals as outlined. A principal point of difference among Council members was in quantifying and setting new targets for resource transfers to developing countries.

A second major component of an overall food strategy, world food security, has been interpreted differently in the international forums and by different countries. The Council has affirmed its responsibility to follow up on implementation of the International Undertaking on World Food Security. But the Council did not reach a consensus on what it should do to further the processes underway in other forums.

The third important component of an overall food strategy is policies for food aid—relating it to production, nutrition, and development objectives of recipient countries. While most members agreed on the need to improve food aid, there has been a lack of consensus on what specific actions the Council should take, for itself, or vis-a-vis other international bodies.

On international food trade, the Council Secretariat looks to World Food Conference Resolution XIX, which called for governments to "cooperate in promoting a steady and increasing expansion and liberalization of world trade with special reference to food products. . . taking into account the specific trade problems of developing countries". With discussions on trade in agricultural commodities—including foodstuffs—continuing in a number of other international forums, there continues to be disagreement between developing countries and industrialized countries as to the need for the WFC to include trade within its purview.

On nutrition, the Council Secretariat takes its cues from Resolution V of the World Food Conference which deals specifically with policies and programs to improve nutrition, and from the declaration made then to seek the elimination of hunger and malnutrition from the world within the next decade. Resolution V includes references to special feeding programs for children and other vulnerable groups, a global nutrition surveillance system to monitor the food and nutrition conditions of disadvantaged groups of the population, and assistance to governments for developing intersectoral food and nutritional plans. Work on improving nutrition is underway in several international bodies, and the Council Secretariat has sought to determine where the gaps and constraints are, and what might be done to speed the work and make the efforts more effective.

The fifth ministerial meeting of the Council, held in Ottawa in September 1979, was especially significant in the evolution of this new international organization. It reelected as President the Philippine Minister of Agriculture, and it endorsed the programs of its new Executive Director. Among these were: (1) A broader, more comprehensive approach to overcome hunger and malnutrition than had been previously considered in bilateral or multilateral programs; and (2) A new effort to encourage food strategy plans by "food priority" developing countries with technical assistance provided by the World Bank, FAO, and donor governments.

At the sixth ministerial meeting held in Arusha, Tanzania in June 1980, initiatives of the Council on food strategy plans—outlined the year before—were given further impetus; technical assistance arrangements for a score of food priority countries were explored. WFC contingency plans for meeting major food crises were discussed and collaboration on proposals of FAO's Committee on Food Security was set. Additional food aid to East African countries suffering severe drought was supported by all Delegations.

The World Food Council provides neither capital nor technical assistance to member nations. It is a catalyst for aid from other institutions. Hence, it operates with only a small administrative budget to cover the operations of its staff, the papers prepared, and the conduct of its meetings.

The WFC is now operating with its second President, again from a developing country, and its second Executive Director, again from the United States. And while there continues to be some uncertainty as to its mission, and some question as to its accomplishments, the WFC has established itself as a useful international body, and one that stands out from other international organizations in these respects: its comprehensive approach to problems; the forum it provides for ministerial exchanges; and the advocacy role of its leadership in shaping government food policies, as well as international agency programs.

## **International Fund for Agricultural Development**

The World Food Conference agreed that developing countries would need increased resources to accelerate their production of food. The Conference, in Resolution XIII, proposed the establishment of a new international fund to finance agricultural development projects, primarily for food in the developing countries. The proposal had first been made by a group of OPEC countries which indicated they would share the funding with the industrialized countries. Most industrialized countries initially questioned the idea, but later accepted it.

The new Fund was to embody a number of principles and provisions not found in existing financial institutions, as suggested in Resolution XIII and the discussions during the World Food Conference:

- The Fund would be administered by its own governing board consisting of representatives of contributing developed countries, contributing developing countries (the OPEC group), and potential recipient countries. There was to be "equitable" distribution of representation among the three categories of countries. This was interpreted as equal voting power among the three groups and, in early discussions, the petroleum exporting countries indicated they would match the contribution of the industrialized countries.
- Disbursements from the Fund would be carried out through existing international and/or regional institutions in accordance with regulations and criteria to be established by the Fund's governing bodies.
- *Organization and management.* The Fund has a Governing Council, an Executive Board, and a small staff for carrying out its operations. The Governing Council is comprised of representatives of all member countries;



- The Secretary General of the United Nations would be responsible for establishing the Fund, and was requested to call a meeting of "interested countries" representing the three categories of countries to work out details. Responsibility for handling the meetings and providing a Secretariat was delegated to the World Food Council.

- Negotiations for the Fund were initiated when the Secretary General determined—after consultations with countries willing to contribute to the Fund—that it held promise of generating substantial additional resources for assistance to developing countries and that its operations had a reasonable prospect for continuity.

## The Fund's Articles of Agreement

The Secretary General called the first meeting of interested governments in Geneva in April 1975. A series of working group meetings were held to formulate the Articles of Agreement, and to begin informal indications of the amounts that each contributing country would pledge.

At the working group meeting in September 1975, the U.S. representative reported the Secretary of State's declaration that the United States would seek an appropriation of \$200 million toward a total Fund of \$1 billion, in which there would be equitable sharing between the petroleum exporting countries and the industrialized countries. This statement of support by the United States, though conditional, signaled the beginning of earnest negotiations. The Articles of Agreement were finally worked out and recommended to member governments for adoption. The Articles were approved by plenipotentiaries at a meeting held in May 1976.

Among the important provisions in the Articles are the following:<sup>2</sup>

- *Purpose of the fund.* "...to mobilize additional resources to be made available on concessional terms for agricultural development in developing member states. . .the Fund shall provide financing primarily for projects and programs specifically designed to introduce, expand, or improve food production systems and to strengthen related policies and institutions. . .taking into consideration the need to increase food production in the poorest food-deficit countries; the potential for increasing production in other developing countries; and the importance of improving the nutritional level of the poorest populations. . ."

- *Membership.* There are three categories of members: developed donor countries; developing donor countries (members of OPEC); and developing countries, which may or may not make contributions and may make their contributions in convertible or in local currencies.

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<sup>2</sup>Articles of Agreement as recorded in the official report on the Fund issued by the World Food Council after the meeting of plenipotentiaries in May 1976.

the Executive Board of 18 representatives is elected by the Council. Voting power within the two governing bodies is divided equally among each of the three categories of members. Within each category, voting power is determined by the member states of each category.

- *Operations.* Within policy guidelines set by the Articles of Agreement and the Governing Council, decisions on projects and programs will be made by the Executive Board. "Usually the services of international institutions will be used for program and project appraisals" and "the Fund shall entrust the administration of loans, their disbursement and supervision, to competent international institutions."

- *Relations with the UN.* The Fund has a relationship with the UN as one of its specialized agencies.

Although the Articles of Agreement do not specify the contributions of donor countries, there had been an understanding of rough parity between the two groups. In December 1976, pledges indicated that the target of \$1 billion had been met. The United States signed the Articles of Agreement on December 22, 1976. A strategy for food and agricultural development was later tabled as a basis for the Fund's operations.

### *Program of Work*

To move resources rapidly and to avoid building its own bureaucracy, IFAD—which began operations in early 1978—co-financed most of its project lending during 1978 and 1979. In most cases, the World Bank and to a lesser extent, the regional development banks, identified project proposals which met the Fund's program orientation and invited its participation in funding. Fund personnel would make their own analysis and then submit proposals to IFAD's Board of Directors for decision.

IFAD committed over \$115 million in 1978, all on co-financed projects, and \$382 million in 1979. Some \$195 million went for co-financed projects, \$180 million for Fund-initiated projects, and \$7 million for technical assistance. Estimates for 1980: \$400 million on food and agriculture projects, of which \$185 million would be co-financed, \$200 in projects initiated by the Fund, and \$15 million for technical assistance.

Thus, the IFAD staff is doing a larger share of project identification and preparation, often aided by consultants from FAO and other institutions. IFAD adheres to its objective of emphasizing the poorer developing countries and the poorer elements within them. This has meant that a preponderant share of its resources has been going to countries in Africa and Asia and the poorer countries in South America and the Caribbean. In 1979, IFAD also made its first grant to the international research centers supported by the Consultative Group on International Agriculture Research (CGIAR).

After 2 years of operation, IFAD has been strongly supported by the developing countries for contributing additional resources and providing recipients with a greater voice in determining disbursements. With the third year's projected commitments at \$400 million, little over \$100 million would remain for new fund commitments in 1981; hence, the issue of IFAD replenishments was a major item on the agenda for the Governing Council which met in January 1980 and again in December 1980.

Government representatives at both meetings spoke in favor of a replenishment-in-principle. However, with the likelihood that Iran would not repeat its large original pledge (not yet fully paid), the aggregate level of contributions from OPEC countries remained uncertain. At the same time, traditional donor governments were facing difficult economic conditions at home, and having difficulty providing increased overseas development assistance. Hence, negotiations will likely be protracted before replenishments are agreed upon.

## **Assessment of Conference Impact and Followup Actions**

The World Food Conference took place in the midst of rapidly changing economic relationships between the industrialized and developing countries, precipitated in part by the successful deployment of economic power by the OPEC countries. Although other developing countries were hurt even more than the industrialized countries by the increase in oil prices, many low-income countries condoned the oil cartel because it had demonstrated the possibility of a shift in the flow of the world's wealth.

Many developing countries have sought to use the UN system to achieve similar objectives. While some industrialized countries seemed ready to respond to the demands of the developing countries, most were not. But all were willing to use international forums to exchange views on the demands and to see if adjustments could be made. Hence, there has been considerable progress in establishing the new institutions recommended by the Conference and in the reorientation of existing international organizations, notably, the FAO.

The World Food Council and the International Fund for Agriculture Development seem to be viable operations. The Consultative Group for Food Production and Investment, another international body proposed by the World Food Conference, was disbanded after 2 years but much of its work, particularly a concern to increase the flow of resources for agricultural development, has been taken up by WFC.

While 5 years is a short time to gauge results of the Conference, it is possible to identify where progress has been made and where problems persist.

## **Increasing Food Production**

Many of the proposals to increase food production in Conference resolutions have been realized. Higher national and international priorities have been given to increasing production, as evidenced by a marked increase in the flow of financial resources—both bilateral and multilateral—for food and agricultural development in low-income countries.

During 1978, external resource flows reached almost \$6.5 billion in new commitments for food and agricultural projects, about double the commitments for 1974. Resources for agricultural research have also increased in line with the Conference resolution. The Consultative Group for International Agricultural Research (CGIAR) in October 1979 pledged almost



\$117 million for 1981, up from \$31 million in 1974. FAO's Fertilizer Scheme continues its operation, though supplies are now more ample, and prices relatively lower than in 1973-74. Through the FAO facility, over \$124 million in subsidized or contributed fertilizers has been provided to needy developing countries.

Production of foodstuffs in developing countries, particularly the basic grains, were generally better in 1978 and 1979 than in any previous 2-year period. Even on a per capita basis, food production in developing countries recovered in 1978 and 1979 from depressed levels of 1972-74, exceeding the previous high achieved in 1970. It must be noted, however, that improved production is probably attributable to favorable weather as well as to increased external assistance. Moreover, drought conditions and political disturbances in East Africa have made the food situation critical for millions there. Nevertheless, the increased flow of external and internal resources, if sustained, would make a difference in the years ahead.

In addition to increasing the flow of resources, bilateral and multilateral aid agencies have paid more attention to the problems of the poorer countries and the poorer sectors of the population. The international development banks have directed a larger proportion of their resources to reaching these groups by increasing support for integrated rural development projects. And in 1979 the World Conference on Agrarian Reform and Rural Development gave new impetus to efforts to achieve greater equity as well as growth, particularly for the rural poor and landless.

### *Food Security*

On the issue of greater food security, the evidence also seems positive. Policies and programs among the major food exporting countries suggest a willingness to maintain high production to meet both concessional and commercial requirements. Among most countries there is a new willingness to build and hold reserve stocks and to jointly consider ways in which stocks might, in the aggregate, provide security from serious shortfalls in food crops.

On several specific activities designed to improve food security, the responses to Conference proposals have been rather good. FAO has strengthened its Global Information and Early Warning System, and FAO's proposal on an International Undertaking on World Food Security received widespread acceptance. But the value of both efforts is uncertain, especially since the Soviet Union and the People's Republic of China are not participating in the Undertaking or the Global Information System. Also in line with Conference proposals, FAO has established a new Committee on World Food Security, and the Intergovernmental Committee which provides policy guidance to the World Food Program has been enlarged in the number of governments represented and in the scope of its concern. These two committees are functioning.

Also, in the winter of 1979-80 a new and higher Food Aid Convention was agreed upon within the framework of the International Wheat Council

(but not dependent on a new wheat or grain agreement). The new Food Aid Convention gives low-income, food-deficit countries greater assurance that food aid commitments will be met, regardless of market conditions. This was further underscored when the U.S. Secretary of Agriculture indicated that there would not be acreage set aside for 1980, notwithstanding large U.S. reserve stocks.

However, for developing countries that consistently lack the foreign exchange to pay commercial prices for the foodstuffs they need to import, their security continues to depend on the goodwill of a few food exporting countries, most notably the United States and, to a lesser extent, Canada and the European Economic Community. Although the 25-year record of food assistance by these countries might offer adequate security, events of 1973 gave developing countries reason to want greater assurance.

In 1973, the unexpected entry into the grain market by the Soviet Union with its large purchases led to sharply lower stocks of grains and sharply higher prices; some developing countries were almost squeezed out of commercial and concessional purchases. Also in 1973, oil exporting countries used their control over oil as a political weapon and the specter was raised that food could also be used for political purposes. A U.S. agreement to sell the USSR very large amounts of grain to offset their poor 1979 harvests, and then the U.S. announcement in December 1979 to withhold some of that when the Soviets moved into Afghanistan, had clear political implications with a message for all countries. Thus, although objective evidence indicates that stocks are being rebuilt and provisions for food aid were ample in the spring of 1980, much of this had been the result of good harvests in the United States and a few other countries. International institutionalization has not proceeded as far as the developing countries wish.

### *Increasing Trade Opportunities*

The third principal issue addressed by the Conference was that of enlarging export opportunities for food and agricultural commodities of developing countries. Developing countries most concerned with this issue tend to see it as essential to overall development and to the establishment of a new international economic order. Progress on this front has been slow and both groups of countries—industrialized and developing—have been unhappy about the other's efforts.

Nevertheless, on trade matters both the United States and the EC have made significant concessions to developing country exports and are agreed in principle on special treatment favoring developing countries in the Multilateral Trade Negotiations (MTN). In January 1976, the United States made operational a generalized system of preferences whereby hundreds of commodities originating in developing countries could be imported under more favorable terms. In April 1976, the United States unveiled an offer to MTN participants of tariff cuts that the United States is prepared to make on 147 tropical product categories in which 1974 imports by the United States were almost \$1 billion. Most of these imports were from developing countries.



But the United States has sought reciprocal concessions from other countries for making its tariff reductions. In 1975, the EC announced a new trade and development agreement with some 46 developing countries (the Lome Convention) designed to help increase exports of these countries to the European market. In the fall of 1979, the U.S. Congress approved the MTN treaty embodying the wide ranging tariff and nontariff concessions, especially favorable for developing countries.

But many developing countries with persistent balance of payments problems, and with levels of debt and export earnings which seems to stifle their attempt to achieve greater economic development, assert the need for a more general improvement in the terms of trade. During 1976, and again in 1979, discussions on this fundamental issue were inconclusive at international forums such as UNCTAD IV (see pages 116-119), and the Conference on International Economic Cooperation (CIEC) at Paris as well as in UN meetings of the Committee as a Whole (COW) see pages 130-131).

A general improvement in world trade prospects for agricultural commodities of interest to developed and developing countries might ease the process of accommodation. But the issues involved go beyond a transfer of earnings from more affluent countries to the less affluent. Developing countries seek a restructuring of the trading system—from one that emphasizes market forces and “comparative advantage” to one in which markets would be managed to give them greater equity. And that could mean fundamental changes in U.S. economic policies.

### **3. UNITED NATIONS DEVELOPMENT PROGRAM**

#### **Background**

UNDP, headquartered in New York, is the hub of technical assistance activities of the UN system. The present structure of UNDP was established in January 1966 as a result of the merger of the Expanded Program of Technical Assistance, set up in 1949, and the Special Fund, established in 1959.

UNDP disburses almost half the funds of the UN system for technical cooperation. UNDP responds to requests from member states for technical personnel and for help in developing project proposals that may attract investment capital. In implementing requests from member countries, UNDP asks one or more of the specialized agencies within the UN system to serve as the executing agency. UNDP reimburses the agencies for their work. FAO serves as the executing agency for most projects in food and agriculture initiated by UNDP.

Since 1977, the International Fund for Agricultural Development (IFAD) has also been a participant in UNDP-financed activities. UNDP-financed projects are underway in more than 150 countries and territories. Increasing emphasis is being given to the needs of the least developed countries of the world; for the program period 1977-81 the 28 poorest countries received 31 percent of UNDP's total country assistance, compared with 22 percent during the previous 5 years.

Projects lasting 2 to 5 years in such fields as agriculture, education, disease eradication, transportation, and resource exploration comprise the major part of the UNDP program. In addition, UNDP undertakes smaller projects in training and technical cooperation to improve individual and institutional capability in developing countries. These types of projects are ordinarily executed for UNDP by other agencies of the UN system, but some are carried out by the Office of Projects Execution within UNDP itself. In the agricultural sector, there is increasing emphasis on training in agricultural and economic policy, agricultural ministry management, and food intervention and distribution systems.

#### **Organization and Operations**

UNDP policies are established by a Governing Council which meets annually, ordinarily alternating between New York and Geneva. The Council approves the program and administrative recommendations of the Administrator. Since it is entrusted with the supervision of UN technical cooperation activities, it also reviews the technical assistance programs financed by the regular budgets of the specialized agencies of the system. The

Governing Council—which the 26th General Assembly enlarged from 37 to 48 members in a resolution adopted December 14, 1971—is composed of representatives of 21 developed countries and 27 developing countries. The United States has been a member of the Governing Council since the UNDP was established.

The UNDP has had several major changes in organization and operations since its establishment. During 1971, UNDP began putting into effect the organizational and procedural reforms that had been called for by its Governing Council in June 1970. In part, these proposals followed the findings of the report, *A Study of the Capacity of the United Nations Development System*, prepared in 1969 under the direction of Sir Robert Jackson of Australia.

The UNDP headquarters was restructured; four regional bureaus were established with responsibility for the conduct of program activities. Authority for operational activities was decentralized to UNDP field offices, and Resident Representatives were given greater responsibility. The 25th General Assembly of the UN designated UNDP Resident Representatives as leaders of the UN development system teams in their respective countries. Many of the Resident Representatives work closely with FAO representatives.

In 1971, UNDP shifted from project to country programming procedures to help relate UNDP-financed assistance more closely to national development plans and priorities. Under the country programming procedures, each country is assigned an indicative planning figure (determined on the basis of per capita Gross National Product and population) representing the amount of UNDP resources likely to be available to it over a 5-year planning period.

Each recipient government, assisted by the UNDP field office staff and, where appropriate, by executing agency staff, then draws up a draft country program. This program outlines broadly the types of assistance the country wishes to have financed by UNDP over a period of time usually corresponding to its 5-year national development plan. The draft country program is then appraised by UNDP and the executing agencies prior to submission for endorsement by the UNDP Government Council. The UNDP appraisal takes into account the program's effects on women in development, impacts on the environment, and implications for a new international economic order.

Once the country program is approved, project documents are prepared for each project. After appropriate appraisal, the project documents can be approved by the Resident Representatives in the case of projects costing less than \$400,000 and by the Administrator (or in some cases the Governing Council) for projects costing over \$400,000.

The country programming arrangements offer greater prospects for coordinating the assistance of the various UN system programs with those of the major bilateral and voluntary programs. In some cases, this is being achieved by systematic consultations between governments, the UNDP Resident Representative, and the representatives of UN and other agencies prior to the preparation of the draft country programs. In other cases, coordination is sought more informally or by *ad hoc* agreements. In Bangladesh, for example, the UNDP Resident Representative does some informal coordination of the approximately 100 public and private donor organizations represented there.



A new financial system has also been in effect since 1972. Abandoning its prior practice of requiring "full funding" of projects at their inception, UNDP now practices a policy of partial funding of projects at their beginning, trusting that subsequent contributions to UNDP from member nations will take care of later funding. In the years following 1972, this enabled UNDP to reduce its unexpended reserves to an operational reserve level of \$150 million. But by 1976 this became one of the elements in a financial crisis that beset the UNDP and which, in turn, was one of the factors that led to another major organizational and operational change in the agency.

In late 1975, it became evident that UNDP was facing a heavy financial deficit (in excess of \$100 million). This was attributed to a number of factors, including inflation (it cost the agency \$42,000 to send an expert abroad for a year, whereas \$37,500 had been projected), high administrative costs, and most significantly, a shortfall in expected contributions by member countries. Some traditional donors found their legislative bodies distressed over actions in some UN agencies and reduced appropriations. Also, expected increases in donations from OPEC countries did not materialize.

To meet the deficit, UNDP used a number of strategies. It cut some administrative positions and overhead (such as limousines and chauffeurs) and reduced travel costs by 30 percent. Also, sharp cutbacks were made and contracts cancelled in field programs. The enforcement of mandatory retirement at age 60 and a freeze on hiring effectively reduced personnel costs.

Another strategy was the increased use of "trust funds" restricted to spending in the currency of the donating country. Hence, an account built up in rubles might be spent for Soviet farm machinery, if appropriate. In addition, member countries were encouraged to increase their commitments. Sweden was the first to respond with a pledge of an additional \$5.6 million.

At the same time, UNDP established closer working relationships with its Agency partners in the system, establishing an Inter-Agency Task Force at UNDP headquarters, and launching experimental joint programing exercises in five developing countries. Together with UNICEF and UNFPA, UNDP also subscribed to an effective memorandum of understanding which governs the relationship among these three funding organizations of the UN system.

The Program also initiated, and is in the process of implementing, an Integrated Systems Improvement Project to improve the quality, expedite and better control the flow of financial, management, and program data in order to improve the overall supervision of its program and project activities.

Finally, in 1978, UNDP provided substantive and administrative backstopping for the first global conference on technical cooperation among developing countries ever held: the 1978 Buenos Aires Conference on Technical Cooperation Among Developing Countries. At the same time, it developed a computerized information referral service for the promotion of greater technical cooperation among developing countries in terms of experts, equipment, fellowships, and subcontracted services.

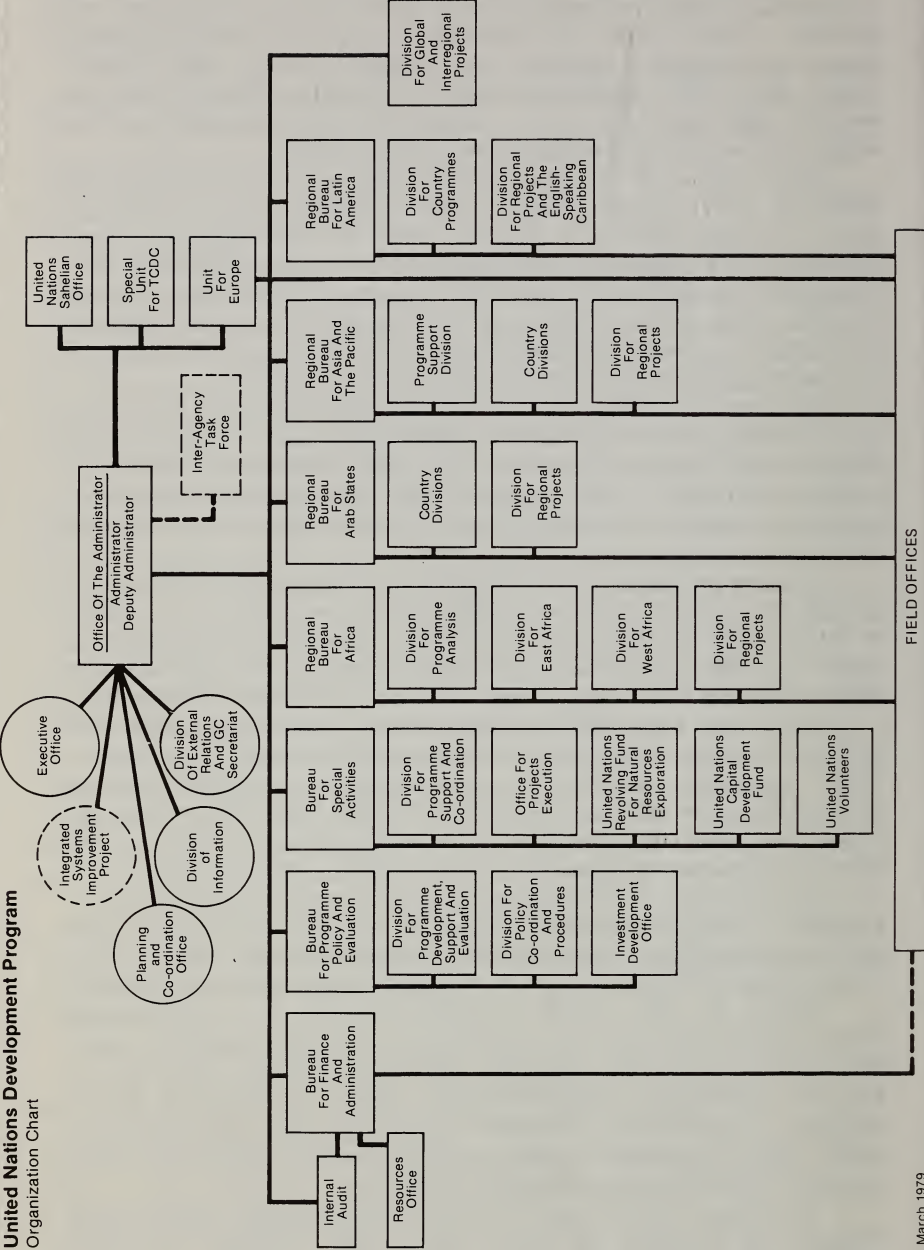
The effect of such actions has been useful, and the overall UNDP structure has remained essentially intact. Figure 3 shows the UNDP organization as of March 1979.



Figure 3

United Nations Development Program

Organization Chart



## Program of Assistance

UNDP is supported largely through voluntary contributions of member countries of the UN. Budget projections are based on the amount each country contributed previously, and upon pledges voluntarily agreed upon. Table 6 shows UNDP program financing for 1972-78. In 1979, 136 member countries contributed a total of \$681.5 million to the UNDP general resources. An additional \$8.7 million was pledged for special aid to the least developed countries. The U.S. contribution for 1979 was \$126 million and for 1980, roughly the same. Total pledges for 1980 are projected to be \$720 million, excluding special contributions.

Recipient countries pay, in local currencies, an average of 60 percent of the cost of UNDP-assisted projects. Such funds are used to pay costs of locally purchased supplies and services. The equivalent of \$650 million was contributed by recipient countries in 1979, compared with \$505 million in 1978.

While total contributions have been increasing, the U.S. share has declined. The U.S. contribution in 1979 was about 18 percent, versus almost 32 percent for 1972 and 20 percent for 1975. During the years 1972 to 1979, increased contributions have barely kept pace with rising costs of technical experts, but have not been enough to expand UNDP programs substantially, despite an annual growth target of 14 percent set by the Governing Council.

Several countries that have been recipients of UNDP aid have become net donors to the UNDP. As of 1978, Iran, Israel, Kuwait, the United Arab Emirates, Saudi Arabia, and Venezuela have all increased their contributions to the level where they exceed any assistance they may yet receive. The number of net donors is expected to continue to increase. Over the last 10 years, developing country contributions have increased at roughly the same rate as those of industrialized nations.

Working with nearly every government—and with 28 international agencies—the UNDP helps support some 4,500 operationally active development projects in Asia, Africa, Latin America, the Middle East, and parts of Europe. The program operates in five broad areas:

- Surveying and assessing development assets (farms, forests, mineral deposits, fuel reserves, manufacturing and export potential, etc.).
- Stimulating capital investment to realize potential output and development.
- Providing vocational and professional training (including the establishment and equipment of local training facilities).
- Adapting and applying modern techniques to operate development projects in agriculture, health, education, industry, and other sectors.
- Participating in the overall economic development planning of the other UN agencies, with emphasis on meeting the needs of the least developed countries and the poorest segments of their populations.

Table 6—UNDP program financing: 1972-78

| Item                                        | First program cycle |       |       |       |       | Second cycle |                   |
|---------------------------------------------|---------------------|-------|-------|-------|-------|--------------|-------------------|
|                                             | 1972                | 1973  | 1974  | 1975  | 1976  | 1977         | 1978 <sup>1</sup> |
| -----Million dollars-----                   |                     |       |       |       |       |              |                   |
| Resources:                                  |                     |       |       |       |       |              |                   |
| Voluntary contributions pledged . . . . .   | 268.4               | 307.6 | 337.5 | 406.1 | 466.3 | 524.1        | 596.2             |
| Program cost contributions . . . . .        | 12.6                | 14.8  | 14.8  | 14.5  | 18.7  | (3)          | (3)               |
| Other income . . . . .                      | 13.6                | 19.4  | 10.0  | 7.6   | 4.4   | 25.8         | 47.6              |
| Other contributions <sup>2</sup> . . . . .  | 5.9                 | 14.2  | 22.0  | 30.9  | 63.7  | 61.9         | 58.9              |
| Total . . . . .                             | 300.5               | 356.0 | 384.2 | 459.5 | 553.1 | 611.8        | 702.6             |
| Expenditures:                               |                     |       |       |       |       |              |                   |
| Field program activities . . . . .          | 277.2               | 274.4 | 294.5 | 425.8 | 400.6 | 337.9        | 434.1             |
| Agency overhead costs . . . . .             | 33.9                | 34.1  | 44.0  | 57.7  | 55.3  | 45.5         | 58.0              |
| UNDP administrative/support costs . . . . . | 33.0                | 36.4  | 43.8  | 52.5  | 57.2  | 59.5         | 63.6              |
| Total . . . . .                             | 344.1               | 344.9 | 382.3 | 536.0 | 513.1 | 442.9        | 555.7             |

<sup>1</sup> Provisional.

<sup>2</sup> Including contributions for Special Measures for Least Developed Countries, Government cost sharing and Government cash counterpart.

<sup>3</sup> Program cost contributions included in voluntary contributions pledged.

At the end of 1979, some 7,000 field experts were engaged in UNDP projects in 151 countries and territories, of which some 720 were U.S. nationals. Of the project actions approved in 1979, \$687.5 million were based on country programing 5-year projections and charged against the indicative planning figure program reserve and special measures fund for least-developed country budgets. The UNDP estimates that followup investment commitments from public and private sources to projects that it initiated reached some \$4.6 billion for the year.

Most of these UNDP projects are carried out by the specialized organizations of the UN system which serve as executing agencies (table 7). FAO is the principal executing agency in the field of world food problems and development of the agricultural sector in developing countries. In 1979, FAO was responsible for \$131.9 million in UNDP-financed projects.

Among other agencies that perform activities related to agriculture and rural development under UNDP auspices are the International Labor Organization (ILO), International Fund for Agricultural Development (IFAD), World Health Organization (WHO), World Bank, World Meteorological Organization (WMO), United Nations Industrial Development Organization (UNIDO), and United Nations Conference on Trade and Development (UNCTAD).

While most UNDP projects are executed by these agencies, UNDP established a project execution division in 1973 to oversee projects that UNDP implements directly. During 1979, the cost of projects carried out directly by the UNDP amounted to \$35.3 million. Projects handled directly by UNDP are of a highly technical or multidisciplinary nature, including food processing, enzyme production, and offshore food exploration.

## **Other Activities Administered by UNDP**

The UNDP Administrator is also responsible for four associated programmes. These are the UN Volunteers, the UN Revolving Fund for Natural Resources Explorations, the Capital Development Fund, and the UN Special Fund for Landlocked Developing Countries.

### **UN Volunteers**

On January 1, 1971, a corps of UN Volunteers (UNV)—an international peace corps—came into being. The 25th General Assembly in 1970 adopted a resolution (1) establishing as of January 1, 1971, an international group of volunteers to be designated collectively and individually as UN Volunteers; (2) requesting the Secretary-General to designate the Administrator of UNDP as Administrator of the UN Volunteers and to appoint a coordinator within the framework of UNDP to promote and coordinate the recruitment, selection, training and administrative management of the activities of the UN Volunteers; and (3) inviting member states, organizations and individuals to “contribute to a special voluntary fund for the support of United Nations Volunteer activities.”



Table 7—UNDP project expenditures: 1972-78

| Organization                             | 1972                   | 1973  | 1974  | 1975  | 1976  | 1977  | 1978 <sup>1</sup> |
|------------------------------------------|------------------------|-------|-------|-------|-------|-------|-------------------|
|                                          | <i>Million dollars</i> |       |       |       |       |       |                   |
| United Nations                           | 45.9                   | 44.2  | 44.9  | 62.7  | 56.0  | 51.0  | 63.5              |
| ILO                                      | 30.3                   | 27.2  | 27.5  | 37.1  | 30.3  | 25.8  | 37.9              |
| FAO                                      | 85.1                   | 78.6  | 76.7  | 117.2 | 105.4 | 88.4  | 111.4             |
| UNESCO                                   | 41.4                   | 36.5  | 33.9  | 43.5  | 35.1  | 29.5  | 33.2              |
| WHO                                      | 13.6                   | 14.1  | 15.9  | 22.5  | 20.0  | 14.9  | 14.3              |
| ICAO                                     | 5.9                    | 7.0   | 9.7   | 15.9  | 17.3  | 15.1  | 25.7              |
| WHO                                      | 6.0                    | 5.3   | 5.6   | 6.8   | 6.5   | 6.6   | 7.7               |
| IAEA                                     | 2.2                    | 2.0   | 3.0   | 3.9   | 2.9   | 2.8   | 3.2               |
| IMCO                                     | .7                     | 1.4   | 1.6   | 2.5   | 2.4   | 2.1   | 2.0               |
| ITU                                      | 8.2                    | 10.0  | 11.2  | 16.2  | 14.9  | 12.5  | 16.2              |
| UNDP                                     | 1.8                    | 3.7   | 13.9  | 25.9  | 19.2  | 25.0  | 35.3              |
| UNIDO                                    | 17.0                   | 16.1  | 19.1  | 30.2  | 30.5  | 33.7  | 42.4              |
| UNCTAD                                   | 2.9                    | 3.9   | 4.3   | 7.7   | 8.1   | 8.1   | 9.5               |
| UPU                                      | 1.1                    | 1.4   | 1.7   | 2.3   | 1.4   | .6    | 1.5               |
| World Bank                               | 11.2                   | 15.1  | 13.6  | 12.1  | 13.4  | 11.4  | 15.8              |
| IDB                                      | .6                     | .4    | .2    | 1.2   | 1.6   | .3    | .5                |
| ASDB                                     | —                      | .8    | .9    | 1.3   | 1.4   | .4    | .9                |
| AFESD                                    | —                      | —     | —     | —     | —     | .9    | .6                |
| ECA                                      | —                      | —     | —     | —     | —     | .9    | 2.4               |
| ECWA                                     | —                      | —     | —     | —     | —     | .1    | .3                |
| ESCAP                                    | —                      | —     | —     | —     | —     | 1.8   | 2.2               |
| ECLA                                     | —                      | —     | —     | —     | —     | —     | 1.1               |
| Governments                              | —                      | —     | —     | —     | —     | .2    | —                 |
| Subtotal <sup>2</sup>                    | 273.9                  | 269.1 | 287.7 | 419.7 | 393.9 | 332.1 | 427.6             |
| Government cash counterpart expenditures | 3.3                    | 5.3   | 6.8   | 6.1   | 6.7   | 5.8   | 6.5               |
| Total                                    | 277.2                  | 274.4 | 294.5 | 425.8 | 400.6 | 337.9 | 434.1             |

<sup>1</sup> Provisional. <sup>2</sup> Data cover expenditures financed under UNDP IPF, Program Reserve, Special Measures Fund for Least Developed Countries, and Special Industrial Services (SIS) and cost sharing (the latter included in subtotal for 1972-76 only).

The activities of the UNV continued to expand throughout 1979. Priority was given to getting volunteers to work in the least developed countries and to increasing the rate of recruitment from developing nations. As of July 1979, 520 volunteers were working in 68 developing countries. Fifty-eight percent of these volunteers were working in least developed or newly independent countries. Nearly two-thirds were from developing countries. The UN General Assembly recently approved a proposal to increase the volunteer force to 1,000 by 1983.

The bulk of volunteer placements were with UNDP-assisted projects, including the United Nations Fund for Population Activities, the World Food Programme, and UNICEF. These volunteers were serving in a broad spectrum of fields—as agriculturists, foresters, veterinarians, biologists, irrigation specialists, engineers, mechanics, economists, statisticians, architects, surveyors, teachers, teacher training specialists, nurses, and sociologists. In keeping with longer term objectives, UNV has made the least-developed countries major recipients of assistance.

Total contributions amounted to \$986,696 as of August 1979 to support UNV activities. Major government contributions were made by Belgium, Canada, Netherlands, and the United States, which contributed \$200,000.

## **Fund for Natural Resources Exploration**

Created by the General Assembly in 1975, this fund helps underwrite searches for economically useful mineral deposits. Repayment is required only when new mineral production actually results. In 1979, the Fund's capitalization stood at \$22.6 million, and activities were underway in over 20 countries. In addition to research for mineral resources, UNDP's technical assistance in this sector spans almost the entire spectrum of natural resources development, including policy, planning and legislative measures; surveys and investigations; prefeasibility and feasibility studies; training national personnel; transfer of modern technical know-how; improved research facilities; exploration; production; marketing; and trade negotiations. Activities have ranged from new oil exploration in Indonesia to the search for suitable hydro-electric sites in Nepal.

## **The United Nations Capital Development Fund**

Established in 1966, the UN Capital Development Fund (CDF) provides limited amounts of "seed financing" for such social infrastructures as low-cost housing, water supply in drought areas, and rural schools and hospitals; and for such grass roots productive facilities as agricultural workshops, cottage industry centers, cooperatives, and credit unions. The least developed countries are the main focus of CDF activities and receive the most assistance. By mid-1979, 70 countries had contributed a total of \$91.3 million to the CDF's resources, \$24.6 million of which was contributed in 1979. Agricultural production accounted for more than 30 percent of these

commitments, a substantial portion of which was allocated to drought related activities. During 1979, the United States contributed \$2 million to the Fund.

## United Nations Special Fund for Land-Locked Developing Countries

The United Nations Special Fund for Land-Locked Developing Countries was established by General Assembly Resolution 3504 on December 15, 1975, and its Statute was approved by the General Assembly on December 21, 1976. The purpose of this Fund, as set out in Article I of its Statute, is to provide resources, including financial and technical assistance, for projects aimed at offsetting and reducing the transit and related transport costs incurred by land-locked developing countries. The Fund will provide support for projects and studies designed to improve the transit and related transport facilities and arrangements for these countries.

The first Pledging Conference for the Fund was convened in 1977 when contributions to the Fund were announced by 15 governments. Following this initial contribution of resources, the General Assembly requested the Administrator of UNDP to manage the Fund during an interim period and to propose, in collaboration with the Secretary-General of UNCTAD, interim arrangements to implement the aims and purposes of the Fund.

In June 1978, the UNDP Governing Council approved the proposals made by the Administrator for the operation of the Fund. In November 1978, additional pledges to the Fund resulted in a total commitment of \$726,000.

## Other Funds and Programs

In addition to the above-mentioned special funds, UNDP and its Administrator are also charged by the UN General Assembly with administering the new *Interim Fund for Science and Technology for Development*. The main purpose of this fund is to assist developing countries in building up their own research and development infrastructure—suitable to their particular needs and circumstances. Operational activities under this Interim Fund began in May 1980, following a pledging conference at which almost \$50 million in initial voluntary contributions was recorded.

The UN Secretary-General has also invested the UNDP Administrator with responsibility for the work of the *United Nations Sudano-Sahelian Office*, Which supervises both a multi-sectoral program of rehabilitation and development among eight drought-stricken countries of Africa and assists—on behalf of the UN Environment Program—the anti-desertification efforts of some 15 countries in the Sudano-Sahelian region.

Also, in June 1980 the UNDP Governing Council authorized the Administrator to establish a special energy account with UNDP, to obtain voluntary contributions for the purpose of financing needed pre-investment and exploratory projects in the energy field. The program is to be carried out in close collaboration with the World Bank and the UN Department of



Technical Cooperation for Development, with special emphasis on the energy needs of low-income countries.

## UNDP Procedures for Program Evaluation

UNDP's Governing Council has encouraged a systematic evaluation of the technical cooperation extended by the many UN agencies which execute projects under UNDP auspices. Following the Council meetings in 1978 and 1979 in which evaluation was stressed, UNDP expanded its efforts to assess the effectiveness and efficiency of its programs.

- *Thematic Evaluation.* This approach, begun in 1977, aims to improve the design of projects in similar program fields. By analyzing the process of providing technical cooperation as well as the impact of the individual projects, the delivery of such assistance may be improved.

Evaluation work of this kind is a joint undertaking of the UNDP and its executing agency. The UNDP and the executing agency agree on a number of individual studies on some selected subject matter areas, such as providing technical assistance to agricultural sector planning units in developing countries. A plan of work is formulated and joint funding agreed upon, including desk reviews at agency headquarters and field reviews in the countries requiring the assistance. Eight to 10 countries are covered in the field visits. The following areas are stressed in the evaluation report: problem areas in implementation; assessment of project design; substantive achievements; and conclusions and recommendations to agency management.

Thus far, five broad studies have been undertaken: comprehensive development planning; rural development; issues and approaches for technical cooperation projects; technical cooperation in the textile industry; industrial research and service institutes. A study jointly undertaken by FAO and UNDP on agricultural training was published by FAO in 1980. Among subject areas planned for evaluation during 1980-81 are: national agriculture research centers, health manpower, and technology in light industries.

- *Individual Project Evaluation.* For several years, UNDP has had a policy of evaluating each project of more than \$150,000 at one or more points during its execution, e.g. during stages when a decision on renewal or extension of the project needs to be made. Provision for evaluation is an integral part of the project design and agreed to by the agencies involved.

This kind of evaluation is also a tool of management, helping in both project implementation and project formulation as experiences are fed back to UNDP and specialized agency staffs. Frequently, external consultants, not employed by UNDP or the executing agency involved, are retained to participate in the project evaluation exercise—adding further objectivity and credibility to the reports made.



## 4. FOOD AND AGRICULTURE ORGANIZATION

### Background

The groundwork for establishing FAO was laid at a 44-nation meeting held in Hot Springs, Virginia, May 18-June 3, 1943. The first FAO Conference was held in Quebec, October 16-November 1, 1945. Permanent headquarters were established in Rome in 1951. FAO's purpose is to raise the level of nutrition and to improve the production and distribution of food and agricultural products for all the peoples of the world. FAO is also concerned with improving the condition of rural populations and thus contributing toward higher standards of living and improved economies of member countries.

In serving the needs of its member nations, FAO has become the largest single organization providing agricultural technical assistance to developing countries. FAO focuses on all sectors of agriculture, including forestry, fisheries, crops, and livestock. It maintains working contacts with the other major international organizations concerned with agricultural development.

Membership in FAO has grown steadily since its founding. By the end of 1979, 147 nations had joined the organization. Most of the new members, particularly those of recent years, have been developing countries that made application to FAO as they acquired their independence. China resumed its place in FAO in 1973. The Soviet Union is not a member.

Two categories of funding are available to FAO: the assessed (quota budget) contributions from member countries, and extra budgetary or voluntary contributions by governments, international organizations, and various nongovernmental donors. FAO programs are financed by funds-in-trust arrangements with contributing countries, some by the international and regional banks under special agreement; most of the extra-budgetary monies are for assistance to developing countries. Table 8 shows sources and amounts of funds for the years 1969-78. The regular program contributions (column 11) are for FAO's basic program activities and these funds are from member country quota contributions. The other contributions are for specific purposes designated by the donor agency; hence, the table indicates both sources of FAO funds and how they are used.

FAO's program has evolved in line with the differing needs of its membership and the way these have been interpreted by successive Directors General. In its early years, a principal purpose of FAO was to collect and disseminate agricultural information that its member countries desired. Later, as UNDP took shape and FAO became a principal executing agency for its agricultural projects, and as FAO membership was increasingly comprised of developing countries, FAO became an important source of development assistance. This orientation has become more pronounced as a result of member views expressed in FAO's governing bodies during 1978-79 and as interpreted by the Director General elected in November 1975.



## Organization and Operations

The supreme governing body of FAO is the Conference, which holds regular sessions biennially and elects the Director General. Each member government may send one delegate to the Conference and each one has one vote. Delegates are accompanied by alternates, associates, and advisers as determined by each government. The Conference acts on applications for membership in FAO, decides on the budget level and the scale of member contributions, and reviews and approves the Organization's program of work.

The Conference also elects member countries to the Council, which meets between Conferences and serves as a second-level governing body. The United States has been a member of the Council since its establishment. At present, 49 countries are members, an increase from the 34 that comprised the Council prior to 1973. Regional conferences are convened in each of the FAO regions every second year to discuss problems of the region and to provide guidance for the Conference and the FAO Secretariat.

Much of the substantive work discussed by the Council and the Conference is carried out by committees. There are seven standing committees dealing with program, finance, constitutional and legal issues, commodities, agriculture, forestry and fisheries. The Conference and the Council also carry on their work through a number of *ad hoc* bodies such as the Committee on World Food Security and the Commission on Fertilizers.

The Committee on Commodity Problems has a number of subgroups, known as intergovernmental groups, which provide forums for dealing with individual commodity matters. Other committees have been designated to work on *ad hoc* problems. The FAO Secretariat prepares substantive papers in connection with each committee meeting to provide a basis for more structured discussions in the committees and to have their conclusions serve as a guide to the FAO Secretariat work.

FAO's scope of activities and funding levels have grown rapidly since its founding. While the regular program, for the benefit of all members, has increased substantially, the greatest increase has been in activities for the benefit of developing countries. This reflects both the enlarged membership of FAO, mostly from among the less developed countries, and rising concern over the problems of providing food for the rapidly growing populations of these countries. Nearly four-fifths of the funds received by FAO from all sources were spent on field activities during the years 1975-79.

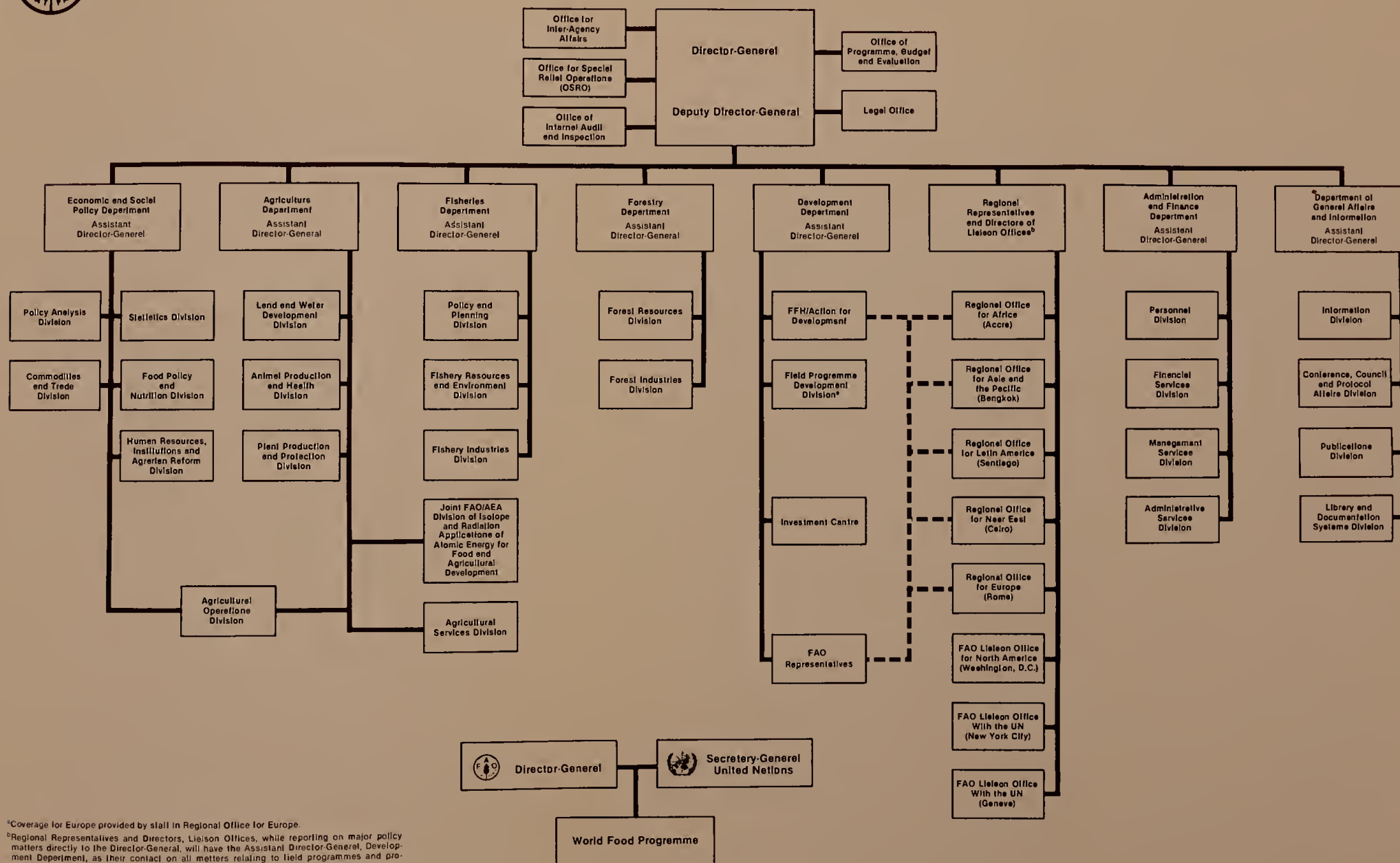
FAO's organizational structure as of 1980 reflects its varied missions and activities (see figure 4). Some recent changes introduced in FAO, but not reflected in the organizational chart, should be noted:

- *Decentralization.* In recent years, FAO has been decentralizing more of its activities to have a greater country-level impact. As a part of this effort, it has been upgrading and strengthening its country representation and funding the costs of representatives directly rather than sharing costs and direction with UNDP as was formerly the case. The number of Country Offices reached 47 in 1979 and is expected to total 62 by the end of 1981.

Figure 4

# Food and Agriculture Organization of the United Nations

Organization Chart, 1 January 1980







- *Investment.* FAO is employing its technical staff more directly in the preinvestment process; it provides assistance to countries and institutions in preparing projects for external investment in agriculture and agribusiness. It seeks ways of working with financial institutions and continues its cooperative work with the major international development banks.

- *Increasing food production.* Responding to the continuing crises in food supplies for many developing countries, FAO is putting more emphasis on the basics of increasing yields, and less on social and economic analyses. It is also seeking ways to strengthen its support for agricultural research institutions in developing countries.

FAO activities may be divided into several broad categories or functions:

- (1) Servicing FAO's governing bodies, that is, the Conference and Council, and the standing administrative and substantive committees; providing a forum for international discussions on world food and agricultural problems and for regional consideration of such problems.

- (2) Collecting, analyzing, and disseminating a wide range of data on food, agriculture, and rural affairs of interest to its member countries; serving as the focal point within the UN system for such data, including the operation of information systems AGRIS and CARIS, and for publication of relevant documents and periodicals; providing an early warning system and a focal point for international consultations on serious food situations.

- (3) Providing technical assistance and training opportunities for developing countries in all aspects of food and agricultural development. Technical assistance and training is provided by executing UNDP country projects, and projects financed from other sources, conducting seminars and workshops, helping formulate investment projects for international financial institutions, etc. Projects in the field are backstopped by FAO's technical personnel in the various substantive divisions of the organization.

## Selected Technical Programs

The following are some principal areas of FAO activities. They indicate the kind of work done by FAO's technical divisions, largely under regular program funding. This is not intended to cover all aspects of FAO's work.

### Plant Production and Protection

FAO efforts to increase production of crops include a concern with high-yield technology, fertilizer and pesticide use, and advanced farming techniques. A major effort is being made to promote the production and utilization of improved seed varieties in developing countries. On a national

level, FAO advises governments on seed production and legislation. Attention is given to the production of industrial and protein-rich crops. In crop production, researchers are focusing on the prevention of pre- and post-harvest losses and on evaluating potential dangers of pesticides. Studies are being made in cooperation with the World Health Organization on the residue effects of pesticides on humans.

At the same time, research continues on insect resistance to common pesticides. Operational projects include assistance to improve forage and pasture crops, rangeland, fruit and vegetable production, training in modern horticultural techniques, and conservation of plant genetic resources. Headquarters backup support was provided to some 600 field specialists each year during the first half of the 1970's and the number increased somewhat during 1976-79.

In 1975, FAO began operations of its Seed Improvement and Development Program (SIDP), through which it provides assistance and training to developing countries in formulating national seed programs and related projects. In 1978 and 1979, FAO provided almost 75,000 seed samples to more than 100 developing countries and helped to establish or strengthen 27 national seed production and training centers.

In 1978, FAO began operations of its Action Program for the Prevention of Food Losses (PFL) which is designed primarily to reduce post-harvest losses of staple foods. By the end of 1979, more than 80 requests for assistance had been received by FAO and 60 projects approved. In this new program, emphasis has been placed on improved farm and village storage, loss assessment surveys, grain drying, pest control, processing, primary marketing systems, and harvesting and threshing.

Other examples of FAO activities aimed at increasing crop output include the following:

- Within the FAO/UNEP Cooperative Global Program on Integrated Pest Control, field activities in cotton growing were expanded in Sudan and Syria; preparations have been completed to implement a large-scale program in basic food crops in eight Sahelian countries of Africa; and an inter-country program for integrated pest control in rice-growing areas has been launched for seven countries of Asia.
- Methods of crop forecasting based on agro-meteorological information were refined to better enable FAO's Global Information and Early Warning System to detect impending crop failures and were applied in some 16 African countries during 1978. FAO coordinated aerial and ground operations and was involved in halting the 1978-79 upsurge of the Desert Locust in Africa and the Near East.
- With the support of the Secretariat of the International Board for Plant Genetic Resources (IBPRD), FAO has helped develop genetic resources programs in six areas; has established crop committees for wheat, rice, maize, sorghum, millet, and beans; and has convened Working Groups to review the situation of the germplasm of coconut, bananas and plantains, and tropical vegetables, as well as genetic resources for forage plants, cotton and coffee.

- FAO has provided assistance on biological nitrogen fixation in countries of Africa and Latin America and is initiating other projects in the Far East. It also has begun to assist member countries in the development of biological sources of energy.

FAO supports agricultural research through its Research Development Center and the Joint FAO/IAEA Division of Atomic Energy in Food and Agriculture. During the 1978-79 biennium, the Center supported projects in 24 developing countries, prepared projects for seven other countries, and assisted in the reorganization of agricultural research in five countries. FAO's Current Agricultural Research Information System (CARIS) reached a milestone in 1978 with the establishment of the first CARIS data base and the issuance of three directories (institutions, specialists, programs/projects).

During 1978, the FAO/IAEA program provided support to more than 60 small-scale and several large-scale technical assistance field projects, strengthened national capabilities through 25 coordinated research programs, and continued its "in-house" research using isotopes and atomic energy techniques on a variety of agricultural problems.

FAO continued to provide support for the Consultative Group on International Agricultural Research, particularly in servicing its Technical Advisory Committee (see chapter 7 on programs of the international research institutions).

## **Animal Production and Health**

FAO supports operational programs, training and research activities, and dissemination of information to promote livestock production. Work is done on animal breeding and husbandry and the control of animal diseases. Animal breeding assistance usually takes the form of training programs, whereas the health program often involves large-scale efforts for vaccine production and distribution.

FAO is called upon in animal disease emergencies, and often can provide vaccine on short notice. For example, FAO assisted in combating a new outbreak of foot-and-mouth disease in Greece and nearby Turkish Thrace, and prevented further spread of the disease. It has supported university and middle-level courses in Afghanistan, Colombia, Dominican Republic, Ethiopia, Kenya, and Somalia. An FAO Regional Training Center was established in Kenya with support from the governments of Kenya and Denmark; the center is host to the FAO/WHO training courses for meat inspectors.

FAO has begun a more intensive effort to seek means of controlling African animal trypanosomiasis, a parasitic disease born by the tsetse fly which affects both animals and humans in a wide area of the continent suitable for livestock raising. A helicopter spraying campaign in Niger was carried out as a pilot project by FAO with support from UNDP.

In 1970, FAO established an international dairy project to help accelerate development of dairy industries in developing countries. By 1975, some 17 donor countries and 48 other countries had joined the program of planning national dairy development programs. Five dairy training centers,



located in Chile, Senegal, Uganda, Lebanon and the Philippines, hold regional dairy training courses under a cooperative arrangement between FAO and Denmark.

By 1975, FAO had conducted comprehensive dairy and meat development studies in 21 countries, and work to complete these studies was in various stages of negotiation with the countries and potential donor agencies. In 1979, the dairy project was evaluated to assess its impact and plan its future; the conclusion was that this program should be continued. Strengthening national dairy training programs and institutions will receive priority during 1980-84.

FAO launched an international meat program, patterned after the successful dairy effort, to improve livestock production and expand supplies by improving animal health, animal slaughter, and processing. Some 43 projects have been identified under the program. The Swedish International Development Agency agreed to assist FAO's meat program by establishing a trust fund of \$895,000 to cover technical personnel and mission support for a 4-year period. The meat development program and the Artificial Insemination Breeding and Development Program (AIBDP) were evaluated in 1979 and endorsed for continuation for another 5-year period with outside donor support.

Of particular importance to the United States was FAO's emergency programs in 1978-79 for the prevention and control of African Swine Fever (ASF), a deadly disease which had crossed the Atlantic and broken out in the Western Hemisphere, particularly in the Dominican Republic, Haiti, and Cuba. FAO emergency programs consisted of 13 projects in 12 countries: training courses, meetings, and regional projects. Many were done in cooperation with local and regional institutions concerned with animal health and disease control.

## **Fertilizer**

After a year of acute fertilizer shortages and increased prices, which followed higher prices for oil, FAO established an "International Fertilizer Supply Scheme" in 1974. Although fertilizer supplies have become more plentiful and prices have declined, the continuing balance-of-payments difficulties of some developing countries have led to a continuation of the project which provides fertilizers on a concessional basis.

FAO has carried out a program of assisting developing countries in more effective and more widespread use of fertilizers. During the 1978-79 agricultural year, FAO's Fertilizer Program sponsored operations in 18 countries. Some 8,000 field trials and demonstrations were organized, and about 130,000 field personnel and small farmers were reached through training courses and field days.

Sixty pilot projects handling fertilizer distribution and credit, involving 20,000 farmers on 17,000 hectares, were undertaken. About 4,000 tons of fertilizer were supplied, and seminars on the use of fertilizer were organized in India, Nepal, and Zambia. Regional seminars on fertilizer pricing policy and subsidies were held in Bangkok and Dakar. International training

courses were arranged in France, the Netherlands, and Spain. Recent activities have stressed greater reliance on farming systems and technology aimed at reducing the requirements for chemical fertilizers.

## **Land and Water Resources**

The problems of Africa's Sahel area, and the possibility that vast areas of rangelands in Africa and the Near East might degenerate into barren desert, gave new impetus to FAO work in soil and water management. FAO has joined with the UN Environment Program to assist 37 governments in the region in preserving their lands. In general, FAO provides technical assistance for pasture and crop improvement, appraisal of areas suitable for agricultural development, and development of national soil surveys and conservation activities.

Assistance includes projects to locate water resources, preinvestment studies for irrigation projects, advice to governments on administration and legislation, mobilization of unemployed rural labor to improve water supplies, and applied research on fertilizer requirements for the new high-yielding crop varieties.

By 1975, FAO was the executing agency for some 32 UNDP-financed projects on soil management, and by 1979 more than 40 projects had been initiated. FAO became executing agency for a 6-year project on land and water development in 20 countries of the Near East with funds provided by some of the countries in the region.

In addition to preparing publications on soil classification and methodology, FAO supplies scientific information resulting from its use of radioactive isotopes to trace underground water, and computer programming to determine optimal use of water resources.

FAO helps conduct technical seminars and general policy conferences on various aspects of soil and water management. Major seminars were held in the Philippines in 1970, followed in 1972 by seminars in cooperation with the governments of Thailand and Korea. Also in 1972, the FAO Regional Conference for the Near East and the UN Conference on the Human Environment underscored the importance that land and water development should be accorded in FAO programs, and recommended establishment of regional centers for water management.

Work on such centers is underway. On-farm use of water was a major topic at the 1979 meeting of the Committee on Agriculture (COAG), and action programs and measures for implementation have been formulated in conjunction with national institutions. In 1980, the U.S. Department of Agriculture hosted an international experts meeting sponsored by FAO on water management for farmers.

## **Fisheries**

When Peruvian anchovy fishing fell sharply in 1973, at a time when many countries had crop shortfalls, the connection between fishing and world

food supplies became more apparent and the need for international involvement in fishing was underscored. National pressures to exploit the resources of the seas—as evidence in the international conferences on laws to govern national rights—have also had an impact on FAO's program in fisheries. FAO's regional bodies, such as the Indian Ocean Fishery Commission, are considering measures for a more rational harvesting of fish in the regional waters. Resources of inland fisheries are also subject to overexploitation as well as to risks of pollution. FAO, through its subsidiary fisheries committees, is studying ways to which countries can reduce these risks. A major effort of FAO's Fisheries Department is to help countries harmonize their fishing activities within the framework of the recently established "Exclusive Economic Zones" (EEZ), which *inter alia* establishes 200-mile fishing zones along country coasts.

FAO carries out its program in fisheries with the advice of a Committee on Fisheries (COFI). It is open to all member countries of the organization and most countries participate. COFI reviews problems of fisheries and their possible solutions by nations and intergovernmental bodies.

FAO's Fisheries Department operates a fishing fleet of 100 vessels, principally to provide training. The major emphasis of the fisheries program is training and education. FAO estimates a 30-percent increase in productivity by participants in its training programs.

A second area of assistance is the promotion of cooperation among nations and institutions interested in investment in the fishing industry. FAO also plays an active role in sponsoring international conferences and drafting international treaties on conservation of fishery resources.

Each year FAO participates in almost 150 fishery development projects. Some 200-300 experts are included in these activities. UNDP-financed fishery projects in which FAO is the executing agency run from \$10 to \$15 million a year. Other fisheries projects are financed under bilateral programs and several are conducted in cooperation with UNICEF and UNIDO. FAO conducts international fishery surveys and feasibility studies to determine investment possibilities for public and private financial institutions and helps to focus their attention on such investment opportunities.

## Food Policy and Nutrition

In recent years, FAO has put emphasis on helping countries investigate national food consumption levels and develop national nutritional services. During 1970-72, FAO was involved in 250 field projects which were concerned with "protein problems" in human nutrition. Considerable assistance is given to the establishment of food and nutrition units in ministries of agriculture. Other activities include education, promotion of protein foods, and group feeding. Home economics programs attempt to reach rural families and communities with information on the best use of food. Special care is taken to keep food innovations within the traditional dietary pattern of the developing countries. UNICEF has financed many of FAO's nutritional projects, especially those involving improvements in nourishment of children and mothers.



The work on nutrition has been given a broader policy orientation under FAO's Food Policy and Nutrition Division. In 1975, a Global Nutrition Surveillance Scheme was initiated. Linked with the FAO Food Information and Early Warning System, it monitors nutritional conditions among the most deprived groups and maintains a constant flow of information of the nature and location of food deficiencies. Also in 1975, FAO participated in a meeting of several international organizations responding to a World Food Conference recommendation for coordination of supplementary feeding programs for vulnerable groups. This coordination among UN agencies has become institutionalized. FAO has strengthened its food and nutrition policy activities for 1980-81, and it will give added emphasis to the integration of nutritional objectives and considerations into all of its agricultural and rural development programs. FAO is also participating in world food surveys, and providing assistance to countries on national food strategies as proposed by the World Food Council.

## Forestry

Interest is rising in forestry programs and projects from the viewpoint of resource use and employment. The number of FAO forestry projects financed by UNDP grew from 11 in 1966, with a budget of \$14 million, to 62 in the 1972-73 period, with a budget of \$50 million. In addition, FAO's Forestry Department administered some \$8 million for projects carried out under bilateral programs with governments, trust funds, and the World Food Program (WFP). A principal aim of WFP forestry projects is to help in conservation and through reforestation and related work to create jobs for rural unemployed. FAO managed some 120 forestry projects financed by UNDP, WFP and FAO's Freedom From Hunger Campaign during 1960-70. In 1979, FAO's forestry field program comprised 148 projects, mainly funded by UNDP.

An area of emphasis in forestry is on education and training. In addition to advising many governments of Africa and Latin America on the operation of their own schools, FAO operated 27 forestry education and training projects devoted mainly to the production and distribution of forestry textbooks and the improvement of school curricula. Other areas in forestry which are receiving considerable attention are: research on high-yielding varieties at both the theoretical and practical levels; surveys of forestry products and the means of marketing them; forestry development planning; and environmental conservation. FAO conducts technical seminars, forestry policy conferences, and assists host governments in hosting the World Forestry Congress which is held at 6-year intervals.

The 1972 Congress adopted a declaration calling for a greater development of forestry resources in low-income countries with due consideration to the environment and long term social benefits. The 1978 Congress urged more attention to forestry and rural development. In 1975, FAO initiated a long-range program in Malaysia to integrate forestry development in the broader rural development plans of the Government. New legislation was drafted leading to the establishment of the Malaysian Timber Industry Board and the Sarawak Timber Industry Development Agency, with prospects for



greatly expanded timber exports and foreign exchange earnings. FAO has extended assistance to numerous countries on the administration of forest lands and forestry resources.

## Training

In most projects funded by UNDP, an essential element is training local staff. This is not a simple matter. Often there is lack of adequately trained staff, especially in such fields as economic planning, hydrology, animal production and health, forestry, and manpower planning. The problem is particularly acute in Africa. FAO feels that more effort is needed to improve local staff capability and to assure continuity on projects for which nationals receive training.

Fellowships are provided by FAO to help train staff who are not trained directly in the field, and others for whom training would be beneficial. Traditionally, this has meant training in a more developed country. Most of the FAO-sponsored nationals who come to the United States are aided by the U.S. Department of Agriculture. The International Training Division of the Office of International Cooperation and Development, USDA, conducts the training or arranges for other institutions to do it. Since 1951, FAO has administered over 10,000 fellowships, half of them in the last 5 years. Most are funded under the UNDP Special Fund fellowship program.

FAO regional training seminars and centers are becoming more problem-oriented and directly concerned with the needs of the participating countries. More advance preparation is taking place to allow participants more interaction in the actual program. Approximately 50 such regional programs are operated each year. With growing competency among institutions in developing countries, FAO is increasingly directing training activities to these countries. In 1976, FAO reoriented training activities to increase their impact on the masses in rural areas; more emphasis will go to vocational training, and this is in line with the greater use of institutions in developing countries.

FAO training activities are aided through several bilateral cooperative agreements: the Swedish International Development Agency, which supported training in Gabon, Mexico and Ecuador; the Norwegian Development Agency; and additional donors which sponsored seminars on planning and analysis in Thailand, Egypt, and Kenya.

## Social and Economic Policy Programs

FAO continues its work in the collection and dissemination of agricultural statistics and economic analyses. In recent years, FAO has sought to provide an overall policy framework for its country programs. The Indicative World Plan, which FAO completed in 1969, was designed as a worldwide analysis of the agricultural situation and at that time had projections to 1980. This work evolved into a Perspective Study of World Agricultural Development. In 1971, the FAO Conference agreed on this work as a continuing

process, focusing on policy alternatives relevant for planning by government. Country studies were aggregated to develop regional and worldwide analyses. In 1979, FAO unveiled its study *Agriculture: Toward 2000*. This important document projects world food demand, supply and trade to 1990 and 2000, and will contribute to the formulation of the UN's new International Development Strategy. (15)

Government requests for FAO assistance in agricultural development planning led to the establishment of several new teams specializing in various aspects of sector analysis. By the end of 1979, FAO had 28 such teams in the field compared with 14 in 1974.

## International Agricultural Adjustment

FAO also initiated studies on international agricultural adjustment, a topic of interest to developed and developing countries, and an important item on the agenda of the 1973 Conference. Many developing countries had been concerned with the problem of earning more foreign exchange from their agricultural exports in order to sustain imports for general development purposes. And during the relatively good growing years of 1970-71, a number of developing countries with export potentials became concerned that they were unable to gain a larger share of the international market.

The FAO Secretariat provided a framework for looking at this problem under the heading of international agricultural adjustment. This framework noted that agricultural adjustments took place at three levels:

- At the individual level, farmers or groups of farmers increase or decrease production in keeping with market conditions or leave their farm for jobs in the cities.
- At the national level, governments have policies to promote increases or decreases in production, or off-farm migration.
- At the international level, governments, working together, make adjustments in production and trade policy for their mutual benefit.

FAO's work focused particularly on the need for, and the nature of, international forms of adjustment. FAO published a number of case studies indicating how representative countries might better relate the rural sector to their overall development objectives or to market conditions. FAO also developed guidelines that developed and developing countries might follow as a basis for agricultural adjustments. These guidelines were adopted by the FAO Conference in November 1975. Revised guidelines will be submitted to the Conference in 1981.

Underlying the FAO analyses is the proposition that developed countries might adjust their domestic agricultural programs and their imports to permit more exports by the developing countries. While such analysis served the interests of developing countries with agricultural export capabilities, the situation that overtook many developing countries in

1973-74 was a serious shortfall in food supplies and a balance-of-payments squeeze associated with higher oil prices and worldwide economic distress. Hence, FAO shifted priorities away from the longer term economic analyses and put more effort on the food supply problem of the countries most seriously affected by the world economic situation and their persistent inability to meet their food requirements.

## **International Undertaking on World Food Security**

As part of FAO's effort to focus attention on the precarious state of world food supplies and stocks, it proposed that governments undertake concerted action to meet the problem. A proposal, the International Undertaking on World Food Security, unveiled at the FAO Conference in November 1973, contained the following elements:

- A statement that world food security is a common responsibility of all governments, and concerted action is needed to mitigate conditions of acute food shortages in the world.
- An improved global early warning system.
- Intergovernmental consultations, with FAO providing a forum in which necessary action might be agreed upon in the event of emergencies.
- Guidelines for national stock policies and for stock levels, and a recommendation that governments, where possible, should earmark stocks or funds for meeting international emergency requirements.
- Special assistance to developing countries for increasing their food production, improving their storage and stock policies, and meeting urgent food shortages through food aid.

The FAO proposal was debated and supported in sessions of the World Food Conference, and governments were encouraged to adhere to the principles and guidelines of the Undertaking. Following the FAO Council meeting in the spring of 1975, the draft Undertaking was sent to governments for their concurrence. At the FAO Conference in November 1975, some 60 member governments representing over 90 percent of the world's grain exports had indicated they would take into account the guidelines of the Undertaking in connection with their national food policies. On a recommendation of the World Food Conference, a Committee on World Food Security was established under FAO's Council to continue to review national and international actions pertaining to food security.

In 1979, the FAO Council and Conference adopted a Plan of Action on World Food Security, as an interim measure of voluntary cooperation. The plan consisted of five points: (1) the adoption of food grain stock policies; (2) criteria for the management and release of national stocks in pursuance of the undertaking; (3) special measures to assist low-income food deficit countries to meet current import requirements and emergency needs;



(4) special arrangements for food security assistance; and (5) collective self-reliance of developing countries.

## **World Conference on Agrarian Reform and Rural Development**

The World Conference on Agrarian Reform and Rural Development (WCARRD), sponsored by FAO in cooperation with other agencies of the UN system, was held at FAO Headquarters in Rome in July 1979. It was an important conference attended by more than 100 ministers and deputy ministers and some 1,400 other delegates from 145 countries. The Conference approved a Declaration of Principles and a Program of Action to provide a framework for the reorientation of development policy and strategy towards greater participation and equity for rural people in the development process. (16) FAO member countries agreed to consider actions to set up specific targets for achieving greater rural equity and to make progress reports on that action, as well as authorizing FAO and other organizations of the UN System to assist in evaluating progress. Both the Program of Action and a Resolution on Followup Action assigned FAO lead responsibility for helping governments in their implementation of agrarian reform and rural development.

The FAO Conference in November 1979, authorized FAO to assist member nations to carry out the Program of Action and invited other organizations of the UN System to work with FAO, particularly through the ACC Task Force on Rural Development. FAO is helping to develop several regional development centers to assist countries in the implementation of the Program of Action. FAO is also reviewing current and projected field programs to make them more responsive to the Program of Action goals. The Secretariat estimates that \$20 million will be needed over the next 5 years to finance these activities; funds will be sought from member countries on a voluntary basis.

## **Other Programs**

FAO provides advice and assistance on food processing, crop diversification, mechanization, farm management, agricultural engineering, and production economics. The focus is on the earning and saving of foreign exchange through increased exports and import substitution. FAO compiles data on food outlook and conducts analyses for this purpose. FAO also produces information through economic analyses of completed projects, reporting this information in its publications (10 annuals and 8 periodicals). The 1970 and the 1980 World Censuses of Agriculture were FAO projects. FAO deals with induced plant mutations, fertilization, and food contamination; and recent efforts have emphasized the study of pesticide contamination. It is also involved jointly with the International Atomic Energy Agency in research on the utilization of atomic energy for food production.

A new "action-oriented" program is FAO's Technical Cooperation Program (TCP). This 3-year-old program funded from FAO's regular budget



enables the Organization to respond quickly to provide: (1) emergency assistance and rehabilitation for a country after disasters affecting its food and agricultural situation; (2) practical and vocational training activities (augmenting other training financed from trust funds and other sources); and, (3) short-term, small-scale supplementary assistance including purchases of goods that can be immediately useful to a country's food and agricultural situation. In 1978-79, FAO was able to provide speedy assistance, through the TCP, in helping 16 countries combat African swine fever outbreaks.

FAO programs in cooperation with the World Bank, the World Health Organization, and other institutions are described in chapter 5.

## Program Evaluation

There are several independent mechanisms for evaluating and appraising the effectiveness of FAO program activities in Rome and in the field. Procedures for evaluating each of these programs differ in the following respects:

- *Appraisal of FAO Field Programs.* Each of the national and international organizations which request FAO to execute programs they fund is involved in its own evaluation of how well FAO carries out the activities entrusted to it.

(1) *UNDP funded projects.* The UNDP has recently expanded the range of its evaluation activities. A recent publication details the actions and procedures followed. Most evaluations are done jointly with FAO and cover project design, implementation, and substantive achievements. Results are fed back to the UNDP Governing Council and to UNDP management.

In addition to evaluations undertaken by UNDP, its projects with FAO, and other executing agencies, are reviewed by the Joint Inspection Unit of the UN which focuses on the UNDP-FAO relationship as well as project execution. Its reports go to FAO's governing bodies as well as to its management. Comments by FAO management also go to the governing bodies.

(2) *IBRD financed projects.* These projects are evaluated by the Bank's criteria of "results," that is, FAO's success in identifying and staffing projects in the agricultural sector which IBRD might appropriately fund. Bank staff members follow up the initial work by FAO and make the final decisions. FAO is credited with identifying about one-third of all agricultural sector project loans made by IBRD.

(3) *Trust Fund projects carried on in the field.* These projects are funded by member governments and are largely country and program specific; the contributing country works with FAO to determine evaluation methods and to appraise performance.

- *Appraisal of FAO Regular Program.* For FAO's Regular Program, the current evaluation procedures comprise three mutually supporting elements:

(1) *Auto-Evaluation.* This refers to the monitoring and evaluation of Regular Program activities by Secretariat program managers at all levels. The process, begun in 1978, is intended to be a built-in, ongoing process with primary responsibility assigned directly to heads of departments, division directors, and their staffs. The purpose is to improve the effectiveness and/or efficiency of programs by: (a) assessing the relevance of ongoing programs and considering possible changes in emphasis or substitution by new programs in future Programs of Work and Budget; (b) suggesting modifications where required of objectives, means employed, or resource allocations of programs in the present Program of Work and Budget to ensure or enhance their relevance; and (c) determining the extent of, and reasons for, the success of completed programs in order to improve future planning.

The Director-General has issued guidelines on auto-evaluation to the Secretariat to facilitate consistency, compatibility, and resources, past performance, and monitoring progress or results. The findings are submitted periodically by managers to department heads who report to the Director-General their assessment of the findings and action taken in consequence.

Thus far, external consultants have not been used in the auto-evaluation process, and reports from department heads have not gone to FAO's governing bodies.

(2) *Special Reviews of Individual Programs.* Special reviews of individual programs or actions contribute to the appraisal of FAO's Regular Programs. The auto-evaluation exercise may lead to the identification of problem areas, requiring further independent probing by the Evaluation Unit. Panels of consultants are utilized routinely to develop, evaluate, and/or monitor a variety of FAO technical program activities, such as integrated pest management. Occasionally, outside consultants are used to assure independent appraisals, such as the recent review of the Technical Cooperation Program. On CODEX\* matters, FAO and WHO use panels of consultants to develop international standards for foods. Other inter-secretariat mechanisms exist for joint program appraisals, such as the ACC Task Force on rural development and another task force on nutrition.

The FAO Program and Finance Committees regularly review FAO Regular Program activities in some detail, covering a number at each semi-annual session so that the whole range of programs are reviewed during a 2-year cycle. Other committees of the Council, such as those on Agriculture, Forestry, and Fisheries, review various technical programs, and the Conference and Council review and approve the entire Program of Work biennially.

The first biennial Review of the Regular Program was issued in 1979. Prepared at the request of the FAO Conference and modeled after the Review of Field Programs document, the new Review of the Regular Program

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\*The development of codes or standards by the CODEX Alimentarius Commission of the FAO and WHO.

represents a culmination of the auto-evaluation process at the major program level. The initial report was divided into two parts—an overall performance report on the Regular Program and a more in-depth review of five subprograms.

The Joint Inspection Unit (JIU) of the UN also conducts reviews and assessments of a wide range of topics of interest to FAO. Since its establishment in 1968, the JIU has issued more than 40 reports and notes of immediate concern to FAO, including *inter alia* *Rationalization of FAO Conference*, *Observations on FAO* (in various countries), *Evaluation in UN System*, *Medium-Term Planning in UN System*, and *Use of Consultants and Experts in FAO*.



## **5. COOPERATIVE AGRICULTURAL DEVELOPMENT PROGRAMS**

Organizations of the UN cooperate in many programs that further their respective efforts to assist the development of agriculture in low-income countries. The development process is complex, and changed conditions do not necessarily fit into the prescribed areas of responsibility of any one international organization. Collaborative efforts evolve among existing organizations to better meet changing conditions and compelling needs. In this section, some of the cooperative efforts between international organizations concerned with food and agricultural development are described briefly. The cooperative support of international agricultural research is discussed in chapter 11.

### **The FAO/UN World Food Program**

The World Food Program (WFP) owes its origin to the world agricultural imbalance in which some countries produce too much, while others neither produce enough nor earn enough to purchase their food needs in commercial markets. Proposals for international action to overcome the problems of commodity surpluses and food deficiencies were discussed following World War II.

In 1954, the United States initiated a large bilateral food aid program (the P.L. 480 or Food for Peace program) which gave further impetus to these discussions. In 1960, the UN General Assembly passed a resolution which requested FAO to study possible arrangements, including multilateral ones, for mobilizing and distributing available surplus foods. FAO prepared such a study, calling for a multilateral program with contributions in commodities and cash for a 3-year period. The program proposal was approved by parallel resolutions passed by the FAO Conference and the UN Assembly in 1961, and the World Food Program began operations on January 1, 1963.

The life of WFP was subsequently extended for 3-year periods and then indefinitely. Pledge targets were set, and largely met, rising from the first \$100 million to \$275 million for 1966-68, \$300 million for 1971-72, and \$750 million for 1977-78. The U.S. share, originally set at not more than 50 percent of the total program funding, was reduced to 40 percent as more donor countries participated. For 1977-78, the U.S. pledge was \$188 million, or 25 percent of the target of \$750 million. For the 1979-80 period, \$950 million was pledged (but not fully met) and the U.S. contribution of \$220 million was 30 percent of the total actually reached by all donors. Except for \$50 million by Saudi Arabia, OPEC governments have not contributed to the

WFP. Pledging conferences are held every 2 years. Contributions to the WFP are made in commodities or cash on a voluntary basis.

The major objective of the program is to supply food for projects promoting social and economic development in recipient countries. Four types of projects are aided: (1) human resources development, such as child feeding and school lunch programs; (2) infrastructure development, such as irrigation and road projects, in which part of the workers' earnings are paid in food; (3) production development projects, such as the supply of feed grain to support livestock and poultry industries; and (4) resettlement programs to help displaced groups make a new start on land made available to them, until their first crops are harvested. The needs of refugee populations has increased greatly in recent years, affecting large numbers in Ethiopia, Somalia, Cambodia, Thailand, Afghanistan, and Pakistan. The WFP has given food assistance to refugees in temporary camps and in resettlement areas.

Settling people on new land is difficult, and WFP has furthered this effort in a number of countries. In the Sudan, 115,000 were resettled, including 45,000 transferred from the area of the Aswan Dam in Egypt and 70,000 nomads; in Malaysia, more than 147,000 people were aided in resettlement projects associated with new rubber- and palm-growing operations. The WFP was one of the international agencies providing assistance to refugees from the drought in Sahelian Africa and Ethiopia. Many resettlements are of an emergency nature caused by wars and civil strife. Between 1971 and 1977 there were 32 such emergencies, involving 5 million people and requiring urgent food aid efforts.<sup>1</sup> In 1979, WFP assistance was critical to avoid starvation of Cambodians displaced by military actions in their country.

Feeding programs for children and related human resource development projects constitute the largest element of WFP activities. Typical of these projects are the following. In Colombia, the program has committed more than \$43 million over 5 years for nutrition education and supplementary feeding of groups most vulnerable to diet deficiencies, such as the very young, the aged, and pregnant women; in Brazil's Sao Francisco Valley, free lunches were given to children to improve nutrition and promote school attendance; and in Lesotho and Botswana, practically the entire school population has been receiving WFP assistance.

Another large element in the program consists of paying workers with food as part of their earnings. In recent years, more than a million people in Bangladesh were engaged in food-for-work projects. Roads, housing, wells, and irrigation works are types of projects in which food assistance has been an important component.

WFP also assists in supplying food during emergencies. In recent years, thousands of victims of earthquakes, typhoons, and local wars have been helped. WFP officials estimate that in 1971-77 about 460 million people were victims of such disasters. Aid to India of \$7.4 million and \$2.7 million was provided in successive years following droughts (18). Pakistan was also assisted by food aid with a value of \$1.5 million after a severe drought in 1975. In the same year, WFP aided flood victims in Honduras at a cost of

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<sup>1</sup> "The World Food Program—A U.N. Success Study," a report prepared by Frank Shefrin for the WFP, October 1979.

\$1.0 million.<sup>2</sup> Recently, \$2.3 million in food aid went to Chad for the relief of people affected by drought and civil disturbances; the allocation includes a subsidy of \$200,000 toward the cost of transport, storage, and handling in the country.

At the Seventh Special Session of the UN General Assembly, it was recommended that the WFP capacity to deal with emergency food needs be strengthened. To do this, donor governments shall provide cash and commodities to establish an emergency reserve of not less than 500,000 tons of food grains. Such an emergency reserve has been established, but the full amount of grain has not been committed. Questions have been raised in several international forums on questions of food security and possible changes in WFP programs. The WFP Executive Director and FAO's Director General have, in recent years, suggested that WFP play a more important role in world food security.

WFP is directed by its Intergovernmental Committee on Food Aid Policies and Programs, which meets twice a year. The terms of reference and membership of this governing body were broadened in line with a recommendation of the World Food Conference and an action subsequently taken by the FAO Conference and the UN General Assembly. The WFP governing body now consists of 30 member nations of the UN and FAO. Fifteen members are elected by the Economic and Social Council of the UN, and 15 by the FAO Council. Member nations are elected for 3-year terms and may be reelected.

The Executive Director for the WFP is appointed to a 5-year term by the UN Secretary General and the FAO Director General. The program is administered from its headquarters in Rome. The staff unit in Rome carries on the day-to-day operations of the program, including the review of applications for aid, the arrangement of shipments from donor countries where commodities are stored until required, and appraisal of results. The program's representative in recipient countries is the resident representative of the UNDP or the regional UN representative. WFP project advisers in the country are responsible to the UN officer. The WFP Executive Director submits progress reports to its Intergovernmental Committee on Food Aid Policies and Programs, which reports annually to the UN Economic and Social Council and to the FAO Council. They, in turn, report to the UN General Assembly and the FAO Conference, respectively.

### **The IBRD/FAO Cooperative Program**

The World Bank-FAO Cooperative Program is designed to further agricultural progress in developing countries by combining the staff resources and experience of the two organizations for certain operations. The program, established in April 1964, seeks to expand opportunities for investment in agriculture and thus make a significant contribution to the development of less developed countries whose economies rely heavily on agriculture.

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<sup>2</sup> *World Food Programme, Report of the 28th session of the UN/FAO Intergovernmental Committee, Sept.-Oct. 1975. See also Frank Shefrin's report, op. cit.*



A major constraint on a rapid increase in IBRD and IDA lending for agriculture is a shortage of well-prepared high priority projects which the borrowing countries have the capacity to implement. The Cooperative Program is aimed primarily at reducing this constraint by assisting governments in identifying and preparing investment projects for IBRD or IDA financing. The final decision on loans or credits is made by the World Bank.

The coordinating unit for all FAO investment servicing activities is the Investment Center in Rome. With the rapid expansion of field programs—especially under UNDP Special Fund financing—advice, studies, and investigations have become increasingly oriented toward investment. The information and expertise built up by FAO are valuable in the development of projects suitable for World Bank support. The growing gap between preinvestment work and investment financing may thus be bridged through the efforts of the two organizations.

FAO and the World Bank agreed that the most effective way for FAO to carry out its part of the Cooperative Program was to designate a team of staff members, drawn largely from the technical divisions of FAO, who would be employed full time on World Bank-oriented activities. These team members have acquired an intimate knowledge of the World Bank's approach and modes of operation to enable them to advise countries in preparing projects for consideration by the World Bank. With this approach, the Cooperative Program benefits from FAO's expertise without disrupting its regular activities.

Close liaison is maintained with World Bank headquarters, and activities are jointly planned. Under the terms of the basic agreement, all missions undertaken by the Cooperative Program are mutually agreed upon. Project identification and preparation missions are normally carried out under FAO responsibility, while all other missions are under World Bank responsibility.

The Cooperative Program aids governments in preparing projects, usually in two stages. The first stage consists of (1) a preliminary survey of the possible project to assess which activities should be included, what information is available, what has to be obtained to support a loan application, and the priority of the project; and (2) discussions with the government on the organizational and administrative arrangements to execute the project successfully. Identification missions, consisting of two or three people, usually spend about 2 weeks in the field.

The second stage, concerned with project preparation, includes critical analysis of the technical, economic, and financial data, and the assumptions used in the project. The preparation mission helps the government assemble the data needed by the World Bank to appraise the project. Some of the points to be covered are the scope and size of the project, the government's administrative proposals and their legal basis, economic policies affecting the project, the capability of the organization and management envisaged, the market outlets and prices for the project, the availability of local resources in manpower and finance, detailed costs and construction schedules, and implementation capacity of the government or project authority. The team usually includes specialists from a number of disciplines. Several missions may be necessary, if there are serious gaps in the data.

Occasionally, cooperative program team members participate in World Bank appraisal missions. Project appraisal involves a thorough study of the technical, economic, financial, commercial, managerial, and organizational aspects of a project with a view to deciding whether the World Bank will help to finance it and, if so, to what extent. This involves an evaluation of the data assembled during the identification and preparation phases, as well as formulation of the financing plan and implementation arrangements such as methods of procurement.

The terms of a loan often include provisions for technical assistance in the execution of the project and for complementary studies. Under the program, the World Bank may request FAO, as well as other institutions or individuals, to supply such assistance.

Since its inception, the program has worked on nearly 200 projects in over 70 countries. The program has contributed to a greater diversification of the World Bank's investments in agriculture. Joint teams have worked on a wide range of projects, including livestock, irrigation, tree crops, credit institutions, cooperatives, forestry, and some integrated regional projects.

Rural development, intended mainly to benefit the poorest farmers, was the objective of more than one-third of the projects FAO presented to the World Bank. One rural development effort has been to help the Government of India draw up project proposals for intensive grain production on irrigated lands. The first two such projects were initiated in 1974 and, in 1975, a third project was funded, at a total cost of almost \$300 million.

By the end of 1979, there were 75 staff members for the IBRD/FAO cooperative program. In 1974-79, over 250 missions were carried out. Many of these led to project proposals for irrigation and rural development. With increasing capability in developing countries to identify and staff out projects, the amount of aid from FAO/IBRD teams has been reduced.

Both the World Bank and FAO have continued to find their cooperative arrangements mutually useful. The arrangements have helped the World Bank augment its own capability to develop financial projects in the agricultural sector, and they have given an added dimension to FAO's development activities. The experience of working with the World Bank on financial projects is one factor that has led FAO to consider using its own resources for identifying agricultural projects in developing countries for possible investment by development banks and other financial institutions.

## **FAO/WHO Cooperation on Food Standards**

FAO and WHO—through the Codex Alimentarius Commission—cooperate on a food standards program concerned with developing international food standards, protecting health, and harmonizing national food legislation. Widespread acceptance and observance of standards set by this Commission facilitate the flow of food products in international trade to benefit developed and developing countries.

By 1979, some 160 international food standards and 20 codes of hygienic practice had been adopted by the Commission. In the past, the joint FAO/WHO Food Standards Program has limited itself mainly to developing

minimum standards for quality to facilitate trade and protect the consumer. However, at the Commission meeting held in December 1979, there appeared to be a shift in emphasis to include more projects related to nutrition and the development of food control infrastructures, particularly in developing countries. Some of the items considered at this session were standard-setting procedures for irradiated foods, labeling, and a range of compositional standards for processed fruits and vegetables, fats and oils, fish products, and quick frozen foods.

A Code of Ethics for the International Trade in Food was also adopted. The Commission meets at about 18-month intervals, but its work is carried forward by some 30 Codex Committees that meet as working groups to formulate standards on which the full country membership may agree. Two new committees, the Committee on Cereals and Cereal Products and the Committee on Vegetable Protein, met for the first time in 1980, the first hosted by the United States and the second by Canada. FAO and WHO staff members concerned with food standards help developing countries formulate food legislation and carry out programs to enforce standards.

### FAO/UNEP Programs

The UN Environment Program (UNEP), which has the mission of providing policy guidance for the direction and coordination of environmental programs within the UN system, depends heavily on the use of existing organizations and institutions. Many of these cooperative efforts are with FAO. Recent examples of FAO and UNEP collaboration are: the preparatory work for the joint project on the marine environment in the Gulf of Guinea and adjacent areas; the ecological management of arid and semi-arid rangelands; the coordination of integrated pest control program—an FAO/UNEP panel of experts on this subject met in 1980. Other joint activities include: publication of guidelines on the prevention of mycotoxins in food and feed; the completion of four pilot projects on pollution monitoring in the Mediterranean; and the sponsoring of a technical consultation on animal genetic resources in June 1980.



## 6. THE WORLD BANK GROUP

### Background

The World Bank Group is comprised of three institutions: the International Bank for Reconstruction and Development (World Bank, or IBRD); the International Development Association (IDA); and the International Finance Corporation (IFC). They share the common purpose of providing and promoting a flow of capital into productive projects and programs into developing countries which are members; however, they function in different ways.

- The IBRD makes long-term loans at conventional interest rates; most of the projects it finances are large scale.
- IDA lends for much the same kinds of projects, but deals with countries not able to bear fully the burden of conventional loans; its credits are very long term and free of interest except for a small service charge.

For both IBRD and IDA, the criteria for making a loan or credit are the same. The project to be financed must make a significant contribution to the economy of the borrowing country. The loan or credit will normally help finance the foreign exchange costs of the project, although under certain circumstances IBRD/IDA funds may provide for local costs as well.

- The IFC is concerned principally with facilitating the flow of private capital for investment in private enterprise of developing member countries.

The general discussion in this chapter deals with operations of the IBRD and IDA; references to the World Bank refer to both these agencies, except as specifically noted, since IDA operations are simply a concessional loan adjunct of the Bank. IFC activities are discussed in a separate section of the chapter because its operations are for private capital investments and hence are different from World Bank loans—whether on regular or concessional terms.

### Organization and Operations

The World Bank Group operates under the same board of governors and the same board of directors. The governors and executive directors on the two boards represent the member countries and have a voting power roughly proportional to the total value of shares in IBRD's capital stock to which the country has subscribed. As of June 30, 1979, the United States had

subscribed to 23.9 percent of the capital stock of IBRD and held 21.5 percent of the voting power. The United Kingdom and the Federal Republic of Germany were the next largest subscribers, with 8.1 percent and 5.5 percent of the voting power, respectively.

Subscribed capital stood at \$37.4 billion, of which 10 percent was paid in and the balance subject to call. On June 28, 1979, the Executive Directors of the Bank agreed that the World Bank's authorized capital stock should be increased by \$40 billion. The increase would roughly double the Bank's capital stock and would allow Bank lending to continue to grow in real terms through the mid-1980's.

Operations of IBRD are financed by funds from subscribed capital, from borrowing on the world markets and from earnings which accrue from its operations and investments.

The IDA arm of the World Bank is financed differently to permit it to make loans on concessional terms to low-income developing countries. Funding for IDA is made up of subscriptions and contributions from member countries, transfers from IBRD's net income, and income derived from IDA's investments and lending operations. An agreement concluded in March 1977 called for a fifth replenishment of IDA resources of approximately \$7.7 billion to cover IDA's lending needs through June 1980. In 1979, three meetings of IDA donor countries were held to negotiate IDA's Sixth Replenishment. Participants in the meetings were aware that a resolution by the U.S. Congress has called for the U.S. IDA share to decline toward 25 percent. The U.S. share in IDA V was \$2.4 billion, or 31.04 percent; its share in IDA IV had been 33 percent and, in IDA III, 40 percent of the total.

The World Bank is organized along the lines indicated by figure 5. There are six regional offices, each headed by a Regional Vice President reporting to a senior Vice President for operations. Regionalization of operations provides closer integration of the area and project activities, and establishes even more firmly that the development of individual countries is the basis on which the Bank's program is built.

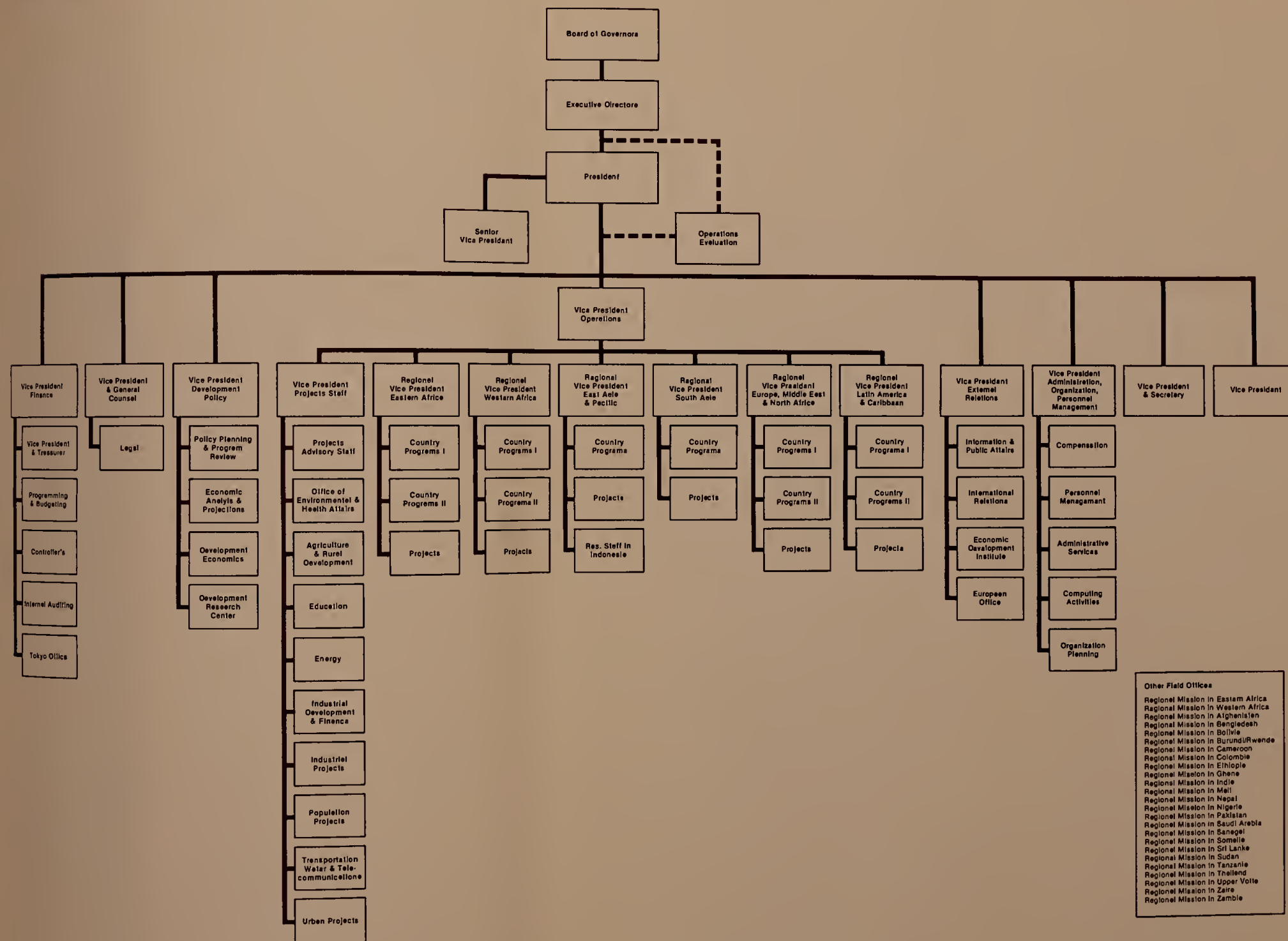
In addition to the six regional offices, the World Bank organization includes the position of Vice President, Projects Staff (see figure 5). This Vice President also reports to the senior Vice President for operations and is responsible for providing functional guidance and assistance to the regional offices. His staff consists of selected experts who provide the support necessary to ensure uniform sectoral policies throughout the regional offices; certain specialists who cannot practically be allocated to any single region; and all personnel of the Population, Tourism, Urbanization, and Industrial Projects Departments—units too small to be decentralized at this time. This operating structure—the Senior Vice President of Operations, the regional offices, and the projects staff—replaced the former area and projects departments.

Each regional office has a chief staff economist, one or two country program directors, and a director for projects. The projects director is responsible for four or five major sectors, such as agriculture, transportation, public utilities, and education. Within prescribed policy, each regional office has considerable operating autonomy, including responsibility for formulating the Bank's development assistance strategy in each of the countries in the

Figure 5

# The World Bank

## Organization Chart, October 1979







region. The regional offices have the responsibility for planning and executing the Bank's lending and technical assistance programs in the individual member countries.

The regional vice presidents are also charged with ensuring that necessary economic and sector survey work is carried out effectively and that identification and preparation work on projects is completed as planned. They are also responsible for project appraisal missions—from staffing to reporting—and they are responsible for negotiations and loan administration on all projects undertaken in their respective regions. In some cases, Bank loans will include monies under both IBRD regular terms and IDA concessional terms.

## Steps in Project Preparation

The World Bank follows a systematic procedure in preparing projects for IBRD and IDA lending. Individual projects are considered within the Bank's general assistance to a country and its overall development plans. The five basic steps in the granting of a loan by the World Bank are:

- *Identification.* The IBRD uses three tests to identify a project that may be suitable for Bank financing. First, does the sector in which the project fall have high priority in the country's overall development needs and will it have adequate local support? Second, is the project feasible in terms of cost and ultimate benefits? Third, is the project technically feasible and sound? These questions are raised during the identification of any project and may be relatively easy to answer where loans are "repeater loans" which arise from currently financed Bank projects.

Much of the needed research has already been completed on this type. Projects may be suggested by the potential borrower or identified by Bank missions sent out to make economic or sector surveys of the countries. In the case of agriculture, FAO may participate as needed (see chapter 5 for discussion of the IBRD-FAO cooperative program). Permanent missions, such as those stationed in Africa and Indonesia, may help identify projects in their areas. The question of whether a loan will be on regular IBRD terms or on concessional IDA terms, or a combination of both, will depend on the country's economic situation and on the kind of project being financed.

- *Preparation.* The formal burden of project preparation is with the borrower. The work is very detailed and involves development of all the specifications and various considerations needed to present the loan for appraisal. If the government is not able to carry out the study itself, it may hire a consulting firm or turn to other sources of aid. Sometimes this study is financed by the Bank with a grant or credit, but more often it will be done through the UNDP.

- *Appraisal.* After the preinvestment surveys are completed, the World Bank appraises the project to decide if a loan should be granted and on what terms.

These studies are almost exclusively conducted by the Bank staff. Typically, appraisal will involve a review of the following features of the project:

(1) Technical features, such as the project design, site and material selections, cost estimates, and construction schedules;

(2) Economic features, such as the project's role in the sector and in the country's economy as a whole, detailed cost-benefit analysis, and considerations of project timing;

(3) Commercial features, such as the adequacy of marketing channels for output of the project and the arrangements used to procure materials and equipment for the project;

(4) Financial features, concerning the availability of all resources required in addition to the loan for project implementation and, in cases of revenue earning enterprises, forecasts of the financial situation of the enterprise during operation of the project;

(5) Managerial features, which have to do with the capacity of management personnel to direct the project and the possible need for advisers and management consultant services; and

(6) Organizational features, concerning the administrative performance of the agency or enterprise carrying out the project, the need for organizational improvements, staff training, and the relation of the project entity to other agencies in the country.

- *Negotiations.* Negotiations with potential borrowers after the acceptance of a loan project through the appraisal process can involve many issues. The Bank not only negotiates the specific terms surrounding a project but also negotiates other issues where necessary. The Bank may, before lending, request commitments on various questions such as staffing, future support, and commercial matters not tied solely to the specific project.

- *Supervision.* After negotiations are complete and the project is approved by its Board of Executive Directors, the Bank is obligated to monitor the operation. Project reports are requested on a regular basis and are analyzed by the staff. Periodically, Bank staff will visit each project under construction or implementation. The Bank does not usually supply technical assistance at this stage, although in Africa, as mentioned before, the Bank and the government may agree on hiring project managers within the loan teams for countries that cannot meet the manpower requirements. While the project is being implemented, consideration may be given to "piggy-back" project elements that may be usefully added.

## Technical Assistance and Project Preparation

There is a growing recognition of the importance of human resources in the effective deployment of capital assistance within developing countries.



Consequently, the World Bank often provides technical assistance and training in connection with its loan operations.

While the World Bank is primarily a lending institution, it does provide aid for preinvestment studies under special circumstances. As a member of the UN family, however, it cooperates with the UNDP, which has a major role in providing technical assistance for preinvestment studies. Since 1959, UNDP has asked the Bank to act as executing agency for more than 200 studies and other technical assistance projects, involving UNDP commitments of \$140 million.

In addition, the Bank joins with other UN organizations in technical assistance missions for identification of projects. For instance, during 1979, the World Bank Cooperative Program with FAO prepared about one-third of all agricultural projects financed by the Bank and carried out 169 missions in 48 countries. The World Bank also has a Cooperative Program with UNESCO, which carried out 41 missions in 32 countries in 1979. In addition, the World Bank has other joint programs with WHO and UNIDO.

Technical assistance is part of virtually every loan or credit, either in the identification, preparation, or implementation stages. In addition, financing may on occasion be provided for project preparation.<sup>1</sup>

In 1976, the Bank set up a new facility to help governments in project preparation. This facility is used primarily to assist poor countries with limited capabilities for project preparation and initial implementation of projects, especially in the agricultural, education, population, and urban sectors. The funds advanced will normally be refinanced by incorporation in the project loan at the time it is made.

The World Bank also provides technical assistance through its program of country economic missions, which is part of its continuing cooperation with the countries. These missions are intended to help in the process of designing strategies for the various sectors of the countries' economies. Teams may include UNDP representatives and technical personnel from specialized agencies, when appropriate. Missions will go annually to the largest developing countries, and every 2 or 3 years to others. This program is designed to facilitate financing of agricultural and other development projects.

## Program and Operations Evaluation<sup>2</sup>

The World Bank has several evaluation mechanisms. For projects, evaluation consists of regular reporting by borrowers, periodic field visits by Bank staff, regular middle-management reviews of progress in solving implementation problems, a semiannual review by senior management of the status of the serious problem projects, and an annual general discussion of problems in project implementation. Experience gathered through supervision

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<sup>1</sup> During FY 1976, 152 lending operations made provision for technical assistance for a total of about \$218 million as compared with \$160 million for 139 operations in FY 1975. By 1979, expenditures for technical assistance rose to over \$700 million.

<sup>2</sup> This section draws heavily on "Operations Evaluation, World Bank Standards and Procedures," World Bank, 1976.

is also periodically assembled and analyzed by the Central Projects Staff which is responsible for reviewing, on a continuing basis, the Bank's functional policies and its programs in the sectors to which it lends.

Program policy evaluation takes place through several offices. For example, beginning in 1975 the Development Policy Staff and the Central Projects Staff began evaluating the Bank's economic and sector work. Historically, budgets have been reviewed by the Programming and Budgeting Department. The World Bank's organization is reviewed by the Organization Planning Department. The Auditing Department reviews accounting systems. Overall financial policies are evaluated by the Financial Staff. Recently the Research Committee has begun systematic evaluation of research projects. The Economic Development Institute has its courses evaluated by participants and participating countries. Individual departments do periodic reviews of their personnel, budget requirements, and projects.

The World Bank first established a unit for the express purpose of evaluating the "development-effectiveness" of its projects in September 1970. It was hoped that such a unit would help the Bank learn from its project experiences. The new unit was located in the Programming and Budgeting Department and was concerned with assessing the usefulness of individual projects and the impact of a group of related projects in particular countries.

Since 1970, program evaluation activities within the World Bank have increased in scope and acceptance as part of the Bank's operation. In April 1973, the President of the World Bank added to the work of what was then the Operations and Evaluation Division systematic project performance audits on all financed projects. The new procedure introduced evaluation at the close of project disbursement, to permit a review of the effectiveness and efficiency of Bank operations in order to identify possible lessons to be learned from the project.

As part of the World Bank's continuing efforts to improve its own system, several other changes have been made. In 1974, the Operations and Evaluation Division was upgraded to department level. In 1976, the post of Director General for Evaluation was established; staff was provided from the old division. In addition to the departmental director and his chief evaluation officer, six senior evaluation officers direct the evaluation efforts in agriculture, utilities, transport, education and training, operational policy, and development financing institutions. Reports submitted from that office go to the Executive Directors of the World Bank as well as to its management. This established a degree of independence from line authority within the Bank without removing it so far from management that the evaluations do not feed into the system for improving project formulation and implementation.

The Operations Evaluation Department (OED) reports annually to the Executive Directors, through the Director General for Evaluation who reports directly to the Bank's president. Responsibility for assessing adequacy and efficiency of evaluation efforts is delegated to the Joint Audit Committee. The Joint Audit Committee reviews samples of OED reports, checking methodology and professionalism; it suggests policy issues to be recommended for consideration by the Board; it works out an annual budget; and it comments on OED's work in the annual report of the Audit Committee to the Executive Directors.

OED's project evaluation is increasingly based on project completion reports. These are done by the operation departments responsible for individual projects. They are not rigidly formal but rather try to assess the real issues. Questions are asked about costs, performance and economic returns, institutional development, and the efficiency of the Bank's work and the country's implementation of the project. The OED reviews all project completion reports and does an in-depth review of 10 to 20 percent of the projects. This constant information flow helps identify issues and procedures for which deeper evaluation and operational policy studies are needed.

## Development Assistance in Agriculture

The World Bank's interest in agricultural development is almost as old as the Bank itself. The Bank made its first loan for this purpose in March 1948, less than 2 years after its creation. But agricultural development was not as important a sector to the World Bank in its early years as it is now. Substantial sums were lent for this purpose, particularly for farm machinery and irrigation projects, but the requirements of rebuilding the war torn world took precedence over development activities.

In the mid-1960's, the World Bank found it possible to support agricultural development on a much larger scale. From its beginning in the summer of 1946 until June 1963, about \$650 million was lent specifically for agricultural projects. By June 1968, the total had risen to \$1.3 billion. In other words, over the 5 years to mid-1968, the World Bank Group had lent about as much for agriculture as in all the previous 17 years. Its target for agricultural projects for the 1969-73 period was \$2.4 billion and this was exceeded.

In 1973 alone, agriculture loans totaled \$938 million, more than double the 1972 figure of \$436 million. Agricultural loans in 1974 amounted to \$956 million and in 1975 they rose to almost \$1.9 billion. Loans for agriculture and rural development between 1975 and 1979 were in excess of \$9 billion. During fiscal year 1980, IBRD commitments in the agriculture and rural development sector reached \$3.5 billion, a substantial increase from the previous record level reached in 1978.

The World Bank's support for agriculture has seen an increasing share of its total resources going for development in low-income countries. In 1962, agriculture represented 7.8 percent of total World Bank commitments; in 1971, they were 17 percent. In 1980, they reached 33.0 percent.

In each of the past 3 years, IDA provided about \$1 billion to the agriculture sector, or almost 40 percent of its total commitments. A large part of the increases in agricultural loans is directed to rural development—efforts to improve conditions for 600 million people who have little or no land and who operate as subsistence farmers. The goal is to provide access to credit, higher yield inputs (fertilizer, seeds, pesticides, etc.), and education to help the rural poor make their farming more productive and remunerative.

The amounts lent for agriculture do not tell the whole story. Apart from the loans provided specifically for agricultural development, much of the money given for transportation, especially roads, has gone to projects



intended in part to serve the needs of farming communities. The same is true of many loans given for electric power development. Indeed, a substantial proportion of the lending in other sectors, such as industry or education, has also helped agriculture.

Effective utilization of the increased investment being projected will require careful cooperative efforts by the World Bank and the countries involved, if traditional loan standards are to be maintained.

The World Bank's involvement in agriculture in the early years did not start with any preconceptions of what might be called "a grand design." Rather, it edged its way forward, selecting projects of high economic priority. The aim was to concentrate on the crucial bottlenecks in a country's agricultural economy that seemed particularly suitable for World Bank financing. The first agricultural loan was on regular IBRD terms and provided \$2.5 million to Chile in 1948 for imports of agricultural machinery. Until the late 1950's, lending to purchase agricultural machinery was one of the Bank's chief functions. During this period there was a severe shortage of such machinery and of the hard currencies required to buy it from the main suppliers—the United States and other industrialized countries.

In the second phase, broadly covering the late 1950's and the early 1960's, a large share of the World Bank's agricultural lending went for irrigation and flood control projects. This emphasis has continued. For a variety of reasons, irrigation projects have proved particularly suitable for World Bank lending. They provide farmers with what is often their most important input—an assured or regulated supply of water. The capital cost of irrigation projects is usually high. Much of it is in foreign exchange. And that is where IBRD and its soft-loan affiliate, IDA, can be particularly helpful.

The World Bank program in agriculture has evolved in several important ways in recent years. First, investment is more diversified. While lending for irrigation is still the principal component, more loans and credit are going to land settlement, seed improvement, grain storage, livestock upgrading, forestry, fisheries, training, and extension work. Second, more support has been given to comprehensive sector analysis and overall agricultural development projects. Third, more loans have been made to investment credit institutions of member countries, strengthening their ability to extend credit as needed, particularly to smaller farmers seeking to utilize higher yield technology. The support is based on the realization that agricultural credit is vital for changes that touch most closely on the daily routine of the farmer. It can provide a large part of the resources required for the purchase of inputs such as fertilizer, as well as much of the capital required for investment on the farm itself. Agricultural credit is now the second largest category of the World Bank lending for agriculture, and its relative importance is growing.

A variety of institutional arrangements have been made for channeling credit to the farmer. In Mexico, credit has been routed through the central bank, which has then relented it through commercial banks. In the Philippines, the money has flowed to the farmer through small rural banks. In Tanzania, the agricultural credit agency has relied on the strength of local cooperatives to distribute credit. A common feature, however, is that the program of

lending to credit institutions not only provides them with money, but provides them also with extensive technical assistance for improving their organization and operations.

Another important area of emphasis is livestock development. Its importance is viewed in terms of protein development and agricultural diversification. Since the early 1970's, the World Bank focused on livestock development where some feed could come from crop residues and silages, rather than from crops that compete for arable land. Greater emphasis has also been given to increasing fertilizer production in the developing countries.

The World Bank is concerned with processing, storage, distribution, marketing, and other agribusiness activities, but this has not been a major area of emphasis. The World Bank Group has made loans for fisheries in Taiwan, Ecuador, Ghana, Tunisia, Indonesia, and Panama; storage and marketing in The Philippines, Pakistan, and India; and a fruit and vegetable export project in Turkey. It has supported other agro-industrial projects by loans through local credit institutions and development banks.

In recent years, the World Bank has given further emphasis to integrated small holder development. Work in this area is still evolving and depends on the applied economic research conducted by the Bank and the guidance provided by its Rural Development Department. Two kinds of strategies underlie World Bank investments in this area thus far: (1) Concentration on a specific cash crop of high potential as a focal point for general development in a region. Increasing output of this crop should help carry the economic burden of the several other elements in the rural project which are less susceptible to cost/benefit analyses, and (2) Concentration on the overall development of a selected region, including all aspects of agricultural development—from the supply of farm production inputs and farm management practices to local marketing facilities to handle increases in farm output.

A policy paper on rural development published by the World Bank in 1974 characterized its work in this area as focusing on rural poverty and bringing the mass of these people into the mainstream of the country's economic development as both producers and consumers.

The trend in agricultural lending has been toward greater geographical diversification; the work now covers all parts of the world. In earlier years, most of the World Bank's agricultural lending was concentrated in a relatively small number of countries. Pakistan and India (including the Indus Basin Development Scheme) headed the list. The others included Colombia, Brazil, Iran, Malaysia, Mexico, Morocco, Peru, and Thailand. But the World Bank now has some kind of agricultural work in progress in 85 countries. There were wide variations in the trends of agricultural loans between 1975 and 1979 for the five regions of the world, but in virtually all regions the level of commitments has risen.

Concentration in less developed countries has meant greater project preparation costs. In 1965, permanent regional missions were established in Nairobi and Abidjan, primarily to assist governments in East and West Africa to identify and prepare agricultural and transportation projects for IBRD and IDA loans. Elsewhere, notably in East Africa and parts of Latin America, the World Bank has employed on contract a number of project managers who

have helped governments implement projects the World Bank is financing on regular and concessional terms.

## Other Program Activities

### Training

The Economic Development Institute (EDI) was established in 1955 by the World Bank to provide mid-career training in economic management for senior officials of developing countries. The scope of the training was subsequently expanded to cover problems and methods of identifying, preparing, appraising, and executing development projects. Training is now offered to government officials concerned with development programs and projects, as well as to those responsible for training activities in developing countries.

EDI courses and seminars, mostly organized on a sectoral basis, may be given in English, French, and/or Spanish. Courses are usually 6 to 10 weeks long, and seminars about 1 to 3 weeks. They may be given in Washington, D.C., or in developing member countries of the Bank with the assistance or cosponsorship of local institutions or other international organizations. In fiscal year 1980, EDI provided training for more than 1,400 participants in 10 courses and 3 seminars in Washington, and in about 40 courses and seminars overseas. In addition, EDI helps training institutions in developing countries in various ways, such as support in teaching staff, advise on curriculum design and course administration, and provision of training materials.

EDI has a full-time teaching staff of 30 to 35 lecturers and senior lectures. In addition, it draws on the knowledge and experience that the World Bank has accumulated in development projects by inviting Bank staff in other departments to conduct course sessions. Specialists from government agencies, universities, private concerns, and other international organizations are also invited to lead sessions related to their fields.

Courses and seminars concerned with the agricultural sector include those on rural development, rural credit, agro-industry, livestock development, and the management of rural development and agricultural projects. These courses introduce project analysis as a method of determining the best use of capital funds for agricultural development. They deal with the special characteristics of the agricultural sector; prospects for demand and supply of the main commodities; technological possibilities for expanding production; the role of marketing, price incentives and credit; and land tenure arrangements. Among the major elements covered are: (1) analyses of rates of return on investments in agriculture; (2) analyses of particular types of projects, such as irrigation, agricultural credit, rural development, livestock, processing, and marketing; (3) identification and preparation of projects appropriate for consideration by national officials and by international lending agencies; and (4) the development process in agriculture and the place of agriculture within the national economy.

The courses and seminars emphasize practical questions and the application of techniques to answer them. Participants spend much of their



time solving problems and working through case studies, and may also go on short field workshops to try out in real-life situations the techniques they learn in the class sessions.

Participants are usually chosen from developing member countries. Generally they are attached to departments responsible for preparing or reviewing project analyses within ministries of agriculture, central planning groups, or agencies and training institutions concerned with rural development.

## **Agricultural Economics Research Activities**

The World Bank's economic research activities have two principal aims: to establish a conceptual and factual basis for policy, and to provide general support to operations in a given sector.

Increased emphasis has been placed on the policy content of economics research; this is evidenced by designating the head of the Bank's economic work as Vice President for Development Policy, and establishing a policy planning and program review department. Moreover, each of the regional vice presidents has a chief economist as part of his immediate staff to relate economic analyses more directly to country programs and project appraisals.

Research support for the World Bank's activities in agriculture and rural development takes many forms: behavioral studies of the small farm sector, inquiries into specific aspects of rural change such as land reform and mechanization, and exploration of the potential for increasing food production and improving storage.

Investment decisions in agriculture are treated in research that utilizes regional programming models to determine what effect investment in improved production methods has on output, prices, and foreign trade. A model capable of interpreting these relationships for many individual crops, technologies, and cropping regions was developed. Stressing interdependence in production, the model's format allows for multiple crops and technologies (33 crops in all) to compete for the same land and production factors.

In the study, Rural Development in Northeast Brazil, a data set covering 8,000 farms has already proved valuable for several World Bank rural development projects. Current work entails quantitative analysis of the welfare position of small farmers, sharecroppers, squatters, and hired labor using extended versions of models like those developed in cooperation with the Government of Mexico. The extensions involved careful specification of land tenure relationships.

Other current projects take a retrospective look at World Bank activity in irrigation and rural development. A recently approved research project will assemble information on the management and organization of selected irrigation projects, and will later develop criteria for monitoring and evaluating irrigation projects, based partly on detailed study of a project in India.

Early research efforts on farm mechanization, now completed, analyzed the social and economic benefits of farm tractors in Pakistan. A

related study, *Agricultural Mechanization in India*, deals with the impact of mechanization on farm productivity and employment in the states of Punjab and Gujarat.

Outside the policy aspect of its economic research program, the World Bank is endeavoring to expand its operations support. One effort is a program of monitoring project performance. A systematic data gathering and evaluation procedure has been built into several projects, such as the livestock activities in Mexico, Uganda, and Uruguay, and the Kadana irrigation scheme in India.

Additional studies concentrate on providing support to World Bank project work in specific areas. The Agriculture and Rural Development Department is designing a computer program that will process crop and farm budgets, as well as area and project budgets in model form, and produce cash flows using financial and economic data, and shadow prices. Other research deals with the potential of crop and livestock insurance for increasing farm output and stabilizing farm income by reducing the adverse effects of crop losses; a review of the nonfarm rural economy; and the role of small industries in the productive activity of rural and urban areas.

Much agricultural economics research relevant to World Bank programs is underway throughout the world, and considerable attention is devoted within the Bank to reviewing and interpreting studies conducted elsewhere. This is an increasingly important source of new ideas for development policy. The content of the World Bank's own economics research program is determined by very specific policy needs or by the advantages of working with its own data. Nevertheless, many studies are conducted with the help of consultants or cooperating agencies in the developing countries.

## **International Finance Corporation**

The International Finance Corporation (IFC) formally came into existence as an affiliate of the World Bank Group in July 1956, commenced operations shortly thereafter, and made its first loan in mid-1957. Impetus for the establishment of IFC came with the publication of the United States International Development Advisory Board's 1951 report, "Partners in Progress" and the following UNESCO ordered report prepared by IBRD and published in mid-1952. Disagreement, led by the United States, over the question of providing IFC with the power to undertake equity investments delayed final agreement among the founding member countries.

Although initial capitalization of the Corporation was smaller than had first been proposed, 31 countries became founding members of the IFC, with a total capital subscription of \$78.4 million. By 1979, its membership had grown to 109 countries with total subscribed capital of \$415 million and a surplus of an additional \$119 million. For additional resources, IFC can borrow from the World Bank up to four times its unimpaired capital—a limit of \$1,391 million as of June 30, 1979. In November 1977, IFC's Board of Governors approved a \$540-million capital replenishment, of which \$480 million was offered for subscription.

Although a separately incorporated affiliate of the World Bank, the Bank's Board of Executive Directors and to a large extent its Board of Governors acts in the same capacities for IFC as most of the same governments are shareholders in both organizations. The World Bank's President currently serves as Chairman of the IFC Board of Directors and as President of the Corporation. Both its staff and financial structure are separate and distinct from those of the World Bank although the two organizations share some common administrative services.

IFC attempts to further economic development by promoting private investment in its developing member countries. It is unique among international development institutions in that it operates without a government guarantee on its loans and it purchases equity participations, that is, it may own stock in the enterprises it helps finance. IFC stimulates the flow of private capital into productive investments by bringing together investment opportunities, domestic and foreign private capital, and experienced management. IFC will make an investment only where sufficient private capital cannot be obtained by private enterprise on reasonable terms and where the investment will make a useful contribution to the development of the economy of the member country in which it is made. The investment must also have the prospect of being profitable.

Reflecting the differing needs and circumstances of its member countries, IFC supports projects varying from purely private to mixed public/private ventures and even to wholly owned government enterprises where they act as channels for assistance to the private sector. Each case is examined in the light of such factors as the extent of government ownership and control, the nature of the enterprise, and the efficiency of its management.

The IFC also functions as a neutral intermediary between private enterprise and the governments of developing countries. Its basic interest is in economic development and its clients are companies and financial institutions in the private sector. It is concerned that public and private interests balance each other and that the Corporation has earned a reputation for fairness.

It has become increasingly engaged in technical assistance in the area of private development investment banks and capital markets. Eight investments were made in this area in 1979. These were widely dispersed geographically—Botswana, Jordan, Korea, Malawi, Oman, Panama, and Thailand—and were of several types: development finance companies, industrial leasing companies, a securities company, a money market company and an export finance institution. Technical assistance was provided to governments and private groups in 13 countries in 1979.

The presence of the IFC in an investment has been, in many cases, a determining factor in the decision of investors in capital exporting countries to participate in projects in developing countries.

The Corporation has had a significant multiplier effect—over the years generating more than \$4 of other investment for every \$1 of its own in the projects in which it has participated. Since its inception, the Corporation has been associated with about \$12.6 billion of investments and has assisted in financing some 356 enterprises in 72 developing countries. IFC participates



either in new enterprises or expansions. It has a current diversified portfolio of 253 companies. Investment losses have been less than 1 percent of its total cumulative commitments.

IFC always acts as a minority partner and does not seek a significant role in management. Its contribution in all forms is generally less than 25 percent of an investment.

As a general rule, IFC works in conjunction with local partners. It may or may not be associated with a multinational firm. One of its long-term policies is to increase local ownership, and 76 percent of its holdings that it has sold have been to domestic investors. The FY 1979 projects represent a variety of ownership: 22 were wholly-owned private enterprises, 22 were mixed public/private enterprises, 2—both financial institutions—were wholly government owned, and 2 were joint ventures. In 57 percent of the ventures there was some element of foreign participation.

The IFC has set upper and lower limits on the size of its total participation in individual companies. The upper limit is based on the rule of thumb that not more than 10 percent of its capital and reserves should be invested in any single enterprise. At the lower end, a million dollars is the usual limit because of the cost of loan processing. However, IFC does consider investments below that limit, especially in its least developed member countries.

Early in its history, from 1956 to 1960, small capitalization forced IFC participation to be small, averaging around \$2 million per project. Its charter was not amended to allow equity investments until 1961. In 1965, it was permitted to borrow up to four times its unimpaired subscribed capital and surplus. This released all its share capital and some reserves for equity investments.

While World Bank loans under its regular terms are for 20 years at interest rates that are less than those of commercial banks, IFC loans are close to commercial terms of 7 to 12 years and interest is based on its own cost of funds and comparable loans in the commercial market.

In an examination of IFC's cumulative investments by area, Latin America/Caribbean has the largest share with 31 percent, followed by Africa, 26 percent; Asia 25 percent; and Europe and Middle East, 18 percent. IFC operations tended originally to gravitate toward middle-income LDCs where industrialization is well under way and there is a business class with some wealth of its own to invest.

Over the last 7 years, about 60 percent of projects undertaken by the Corporation were for manufacturing. Fuel and nonfuel minerals accounted for about 5 percent, agribusiness about 15 percent and services, about 4 percent. Developing finance companies accounted for about 16 percent, although the portion of financing was lower because IFC's contribution was generally technical and managerial rather than financial.

## **IFC Investment in Agriculture**

Investment in agribusiness enterprises has been about 6 percent of IFC's dollar volume of investments, or \$160 million, since 1957. In addition,

investments in fertilizer projects have accounted for \$142 million. In 1979, 17 percent of all approved projects were for agribusiness and 2.0 percent for fertilizers.

The IFC has built a pipeline of agribusiness projects by actively seeking investment opportunities in line with an increased emphasis on meeting world food needs.

## **Development Committee**

The Development Committee—formally called the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund (IMF) on the Transfer of Real Resources to Developing Countries—was established in October 1974, following approval of parallel resolutions by the Boards of Governors of the World Bank and the IMF. The Development Committee was established for an initial period of 2 years and in 1976, it was agreed to extend its activities further.

The Development Committee consists of 20 members, at the minister-of-finance level, appointed by the 20 countries or groups of countries that designate a member of the Board of Executive Directors of the World Bank or IMF. The Development Committee advises and reports to the Boards of Governors of both the World Bank and IMF on various aspects of the transfer of real resources to developing countries. The Development Committee also suggests instruments for alleviation of financial stresses, which can be adopted by the members or by the Bank and IMF. As an advisory body, the Development Committee does not make operational decisions regarding the instruments it suggests.

The Development Committee has made several important contributions. It was instrumental in the creation of the Third Window lending facility by the World Bank. The Development Committee also helped bring about the Special Trust Fund of the IMF to provide balance of payments help. Neither of these ideas was new, but the high level consideration and political will generated by members of the Development Committee was considered critical in their implementation.

A third accomplishment of the Development Committee was a survey of the financial structure and needs of the regional development banks. Though less tangible a success than the Third Window and Special Trust Fund, it presents a change in direction of the Development Committee. Its first acts were in response to an urgent situation among developing countries. It is now taking a longer term view of the development process.

The Development Committee is also dealing with other longrun problems. One is how to improve the flow of official aid. Another concerns questions on financing of commodity agreements. This includes issues like buffer stocks and the compensatory financing facilities to help stabilize the export earnings of developing countries. The record thus far suggests that in a relatively short time, the Development Committee has become an effective voice for the developing countries in their quest for an increased flow of resources to them.

## 7. INTER-AMERICAN DEVELOPMENT BANK<sup>1</sup>

### Background

The idea of a regional bank for Latin America is over 90 years old, having originated in 1889 at the First International Conference of American States. IDB finally came into being in 1959 with the full support of the United States.

Although IDB is an independent organization, its establishment was negotiated within the framework of the Organization of American States (OAS). Negotiations were completed and an agreement was signed in December 1959. Nineteen Latin American countries and the United States became charter members. Several Caribbean countries joined later. Originally, membership was restricted to members of the OAS. In 1972, the Articles of Agreement were amended to admit Canada, bringing total Western Hemisphere membership to 26 countries. In 1975, a further amendment was approved to admit a group of nonregional countries as IDB members—seven European countries, Japan, and Israel. Other European countries have since joined the IDB bringing nonregional membership to 16.

The IDB is one of the most important financial institutions in Latin America. Its purpose is "to contribute to the acceleration of the process of economic and social development of the region's developing member countries, individually and collectively." The IDB seeks to stimulate public and private investment in development programs and projects, mobilize funds for development loans and related purposes, assist its member countries in orienting their programs for greatest effectiveness, and to provide technical assistance as required.

A large portion of IDB loans is devoted to agriculture. During 1961-79, agricultural loans totaled almost \$3.6 billion, or over 23 percent of total lending. Other investments in the areas of water supply, farm-to-market roads, rural electrification, health, and export financing have also had a substantial effect on the state of agriculture in the Latin American and Caribbean area.

### Organization and Operations

Authority for IDB policy is vested in a Board of Governors representing the member countries, and voting on the Board is proportionate to the

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<sup>1</sup>*Much of the material in this section is drawn from the IDB publication, Inter-American Development Bank, Structure, Resources, Operations, July 1972; the IDB publication, Fifteen Years of Activities, 1960-74, March 1975; and the Annual Report of the Bank for 1979.*



number of shares of stock held. Under the terms of a recently negotiated Fifth Replenishment, the U.S. subscription remained in August 1980 at approximately 35.5 percent of Bank resources. This compared with about 12 percent each for Argentina and Brazil, 7.9 percent for Mexico, and 6.7 percent for Venezuela. The combined 16 nonregional countries have 4.4 percent of the Bank's shares.

The Board of Governors elects the President of the Bank who serves as chief operating officer and delegates power for Bank operations to the Board of Executive Directors. The Board of Directors has 12 members; 8 are elected by the Latin American members of the Board of Governors, 1 is appointed by the United States, 1 elected by Canada, and 2 elected by the group of nonregional members. The Executive Directors serve for 3-year terms and may be reappointed. The President of the Bank serves as Chairman of the Board of Executive Directors, who are headquartered with the IDB and function continuously, meeting as a Board of Directors as frequently as business requires. The President of the Bank serves for a 5-year term and may be re-elected.

The principal operating divisions of the IDB are as follows: the Operations Department, which is divided into geographic regions; the Project Analysis Department, which includes a Division of Agricultural Development; the Department of Economic and Social Development, which has two major divisions, one for economic and social studies and the other for technical cooperation and training; the Finance Department; the Administrative Department; the Legal Department; the Plans and Programs Department; and the Secretariat Department. The Executive Office of the President includes an Executive Vice President, a Controller, and an External Relations Advisor.

The Inter-American Development Bank has, over the years, developed procedures for reviewing internal operations and evaluating the impact of its programs. A group of Controllers was established to report to the Board of Directors on various aspects of the Bank's operations. Subsequently, in 1979 this group was succeeded by an External Review and Evaluation Office, headed by one director. The Board, in turn, requests the Bank's management to study the office's analyses and recommendations, commenting on and following the recommendations as appropriate.

## **Authorized Capital Resources**

Financial resources of the IDB include the authorized capital which consists of its Ordinary Capital (OC) and Inter-regional Capital (IC) and its Fund for Special Operations (FSO).

The amount of capital authorized for subscription has been increased from time to time during the Bank's 20 years of operation, permitting an expanding volume of activities. In 1980, the member countries put into effect the Fifth Replenishment of resources to cover the period 1980-82, raising the authorized capital by \$8 billion. Of the new money authorized, \$600 million was paid in; the balance was callable capital—to be made available only if needed. An additional \$1.75 billion was placed in the Fund for Special Operations, the Bank's concessional lending arm.

As of December 31, 1979, and prior to payments under the new replenishment plan, the Bank's subscribed capital resources were \$11.6 billion. Of this amount, \$1.4 billion had been paid in and \$10.2 billion was callable.

The callable portion of the subscriptions agreed to by the United States and other countries with convertible currencies (such as Canada, Venezuela, and the nonregional countries) provide IDB with the means for raising capital in private money markets to augment the amount of resources available for the Bank's lending program. Most of the money has been borrowed by selling bonds in the U.S. commercial market at relatively low interest rates, since the bonds are guaranteed by the credit of the United States and other member governments. The bank has also made agreements with nonmember countries for funding operations, principally by issuing bonds for sale in these countries.

During 1979, the Bank borrowed a total of \$408.6 million, of which \$335.6 million represented long-term borrowings and \$73 million were short-term borrowings. The new issues brought outstanding borrowings as of December 31, 1979, to \$2,912 million, expressed in exchange rates prevailing on that date.

The Bank's long-term borrowings in 1979 included \$103.4 million in the United States, \$90.2 million in the Federal Republic of Germany, \$60.2 million in Switzerland, \$49.8 million in Japan, and \$32 million in Austria. Short-term borrowings of \$73 million were raised in Latin America (\$68.5 million) and among the Bank's nonregional members (\$4.5 million).

## Fund for Special Operations

The Fund for Special Operations (FSO) consists of contributions by member countries which permit the IDB to finance projects at very concessional terms. Operations and accounting of the FSO are kept separate from those of the capital resources. Members' contributions to the fund are proportional to their participation in IDB's capital. The fund's authorized resources have been increased on several occasions to meet growing needs for concessional financing by Latin American members. Originally set at \$150 million, the FSO was increased in 1964, 1967, and again in 1970, when the equivalent of \$1.5 billion was approved by the Board of Governors, with the United States agreeing to contribute \$1 billion. The 1976 replenishment of the FSO was for \$1.045 billion. The fifth replenishment provides for an FSO increase of \$1.75 billion, to be disbursed through 1982. Repayments of loans, interest, and other earnings from the fund are available for new operations.

Of the 1979 lending program of 79 loans totalling \$2.05 billion, \$620 million, or 30 percent, came from the Fund for Special Operations, which accounted for 34 loans.

Most of IDB's agricultural loans are financed from the FSO. Interest rates for FSO loans to the more developed countries such as Argentina, Brazil, Mexico, and Venezuela are 3 to 4 percent and such concessional terms are available to these countries only for projects which have a predominately social purpose, for example, to further agricultural cooperatives. The interest rate for other countries is 2 percent for FSO loans except in the least

developed countries where it is 1 percent during the grace period. A commitment fee of one-half of 1 percent per annum on the undisbursed portion of the loan is charged in addition to interest.

Under certain circumstances, a service charge of three-fourths of 1 percent is also charged. Since 1973, all FSO loans have been repayable in the currency lent, or other convertible currencies. Loans have different grace periods and periods of amortization, depending upon the borrowing country's level of development. These vary from a maximum grace period of 5 years and a maximum amortization period of 25 years for the more developed countries, to 10 years and 40 years, respectively, for the less developed countries.

The average FSO loan for the more developed countries covers about one-half of the project cost, while for the lesser developed group it may reach up to 90 percent of project costs, the remainder being made up by the recipient country. This policy, promulgated in 1972, provides preferential treatment to the region's economically less developed countries.

## Trust Funds

Another kind of resource available for IDB operations are monies administered under trust arrangements with specific stipulations covering the use of such funds. The Social Progress Trust Fund (SPTF) came into being under an agreement between the United States and IDB in 1961. This fund was augmented in 1964, bringing the total resources available to \$525 million. The SPTF was used to finance, on concessional terms, projects designed to strengthen local institutions, thereby encouraging the use of additional Latin American funds for social improvements.

Original dollar resources of the Fund have all been committed in loans. However, the Bank is utilizing repayments on Trust Fund loans for additional loans, as well as to purchase participation in loans by the Fund for Special Operations made for the same purposes. Another substantial portion of these resources is being devoted to technical cooperation programs. As of December 31, 1979, the outstanding participations in the Fund for Special Operations totalled \$262 million.

In 1964 the Bank entered into an agreement with the government of Canada, prior to that nation's entry into the Bank, to administer a concessional lending fund for development programs in Latin America, under the auspices of the Canadian International Development Agency. A similar arrangement was concluded with Venezuela in 1975. Other funds have been established by Argentina, the Federal Republic of Germany, Sweden, Switzerland, the United Kingdom, the Vatican, and the Inter-Governmental Committee for European Migration to augment IDB's financial resources.

## Assistance for Agricultural Development

IDB considers agriculture to be a most important sector in Latin American development; no sector received a larger amount of financial or technical assistance during the period 1961-79.



The Bank's lending and technical cooperation activities in 1979 reflect the program guidelines approved for the period of the Fifth Replenishment (1979-82). As the Bank enters the Fifth Replenishment period, plans call for 35 percent of its loans to go to the rural sector, to both improve social services and to stimulate food production. About one-third of the Bank's resources for agriculture are channeled throughout intermediary Latin American financial institutions.

During 1961-79, the IDB provided some \$3,760 million in loans for 295 projects in the agricultural sectors of Hemisphere member countries. Years of high lending in agriculture have tended to be followed by years of reduced programs, but the 19-year trend (1961-79) has been upward in absolute amounts and has remained high as a percentage of total IDB program lending (see table 9). The Bank's programs for agriculture account for 23 percent of its cumulative portfolio, and in 1979 reached 33 percent.

Although the largest single category of funding in the agricultural sector is for irrigation to improve and increase the acreage available for cropping, in recent years the Bank has diversified into financial programs of an innovative nature, and has expanded its efforts in emergency and animal and plant disease control. Loans have been extended as part of a determined effort to eradicate such diseases as foot and mouth disease, brucellosis of cattle, and African swine fever. Programs designed to improve child nutrition have also been initiated. Major loans were extended in 1979 for reconstruction in Nicaragua and the Dominican Republic, with special emphasis on agriculture, in the wake of a devastating civil war and Hurricanes.

**Table 9—Agricultural project loans as share of total loans, Inter-American Development Bank, 1961-79**

| Period or year       | Agricultural loans     | Share of total loans |
|----------------------|------------------------|----------------------|
| Average:             | <i>Million dollars</i> | <i>Percent</i>       |
| 1961-62 . . . . .    | 57.2                   | 11.9                 |
| 1963-64 . . . . .    | 70.2                   | 22.0                 |
| 1965-66 . . . . .    | 70.8                   | 18.8                 |
| 1967-68 . . . . .    | 110.0                  | 23.6                 |
| 1969-70 . . . . .    | 219.0                  | 34.5                 |
| 1971-72 . . . . .    | 112.0                  | 15.3                 |
| Annually:            |                        |                      |
| 1973 . . . . .       | 187.0                  | 21.0                 |
| 1974 . . . . .       | 228.0                  | 21.0                 |
| 1975 . . . . .       | 332.0                  | 24.1                 |
| 1976 (estimated) . . | 428.0                  | 29.0                 |
| 1977 . . . . .       | 351.0                  | 28.0                 |
| 1978 . . . . .       | 356.0                  | 29.0                 |
| 1979 . . . . .       | 676.0                  | 33.0                 |

*Source: Internal IDB documents, especially Banco Inter-Americano de Desarrollo Resumen de Prestamos, 1971, Annual Report, 1975, issued May 1976 and Annual Report, 1979, issued in May, 1980.*

The Bank's loans comprised only about one quarter of the cost of the development projects being carried out by its Latin American member countries with the Bank's support. Thus, the nearly \$16 billion in loans which the Bank had approved through the end of 1979 are helping to finance development projects, whose total is more than \$61 billion. In other words, regional borrowers are providing more than \$45 billion for the execution of Bank-financed programs.

In recent years, IDB has supported agricultural research activities of three major international centers in Latin America. This grant money has also gone to strengthen outreach programs of the research centers in Colombia, Mexico, and Peru. In addition, the IDB has undertaken preinvestment surveys of agricultural research capabilities in other member countries, with a view toward strengthening national agricultural research institutions. IDB is now helping to finance a major network of research institutions in Brazil.

Progress in production has raised problems of marketing agricultural commodities; consequently, marketing considerations are becoming increasingly important elements of each loan. The IDB is seeking to work with member countries identifying needs and opportunities to make loans dealing with integrated marketing processes.

**Table 10—IDB lending by sectors, 1979 and 1961-79**

| Subsector                                    | 1979                   |                               | 1961-79                |                               |
|----------------------------------------------|------------------------|-------------------------------|------------------------|-------------------------------|
|                                              | <i>Million dollars</i> | <i>Percent of all lending</i> | <i>Million dollars</i> | <i>Percent of all lending</i> |
| Agriculture and fisheries .                  | 676                    | 33                            | 3,631                  | 23                            |
| Industry and mining . . . .                  | 292                    | 14                            | 2,578                  | 16                            |
| Tourism . . . . .                            | 6                      | —                             | 169                    | 1                             |
| Energy . . . . .                             | 396                    | 20                            | 3,922                  | 25                            |
| Transportation and communication . . . . .   | 291                    | 14                            | 2,292                  | 15                            |
| Urban development . . . .                    | 2                      | —                             | 523                    | 3                             |
| Education, science, and technology . . . . . | 120                    | 6                             | 741                    | 5                             |
| Environment and public health . . . . .      | 128                    | 6                             | 1,455                  | 9                             |
| Export financing . . . . .                   | 63                     | 3                             | 299                    | 2                             |
| Preinvestment . . . . .                      | 7                      | —                             | 176                    | 1                             |
| Other . . . . .                              | 70                     | 4                             | 70                     | —                             |
| Total . . . . .                              | 2,051                  | 100                           | 15,856                 | 100                           |

*Source: 1979 IDB Annual Report.*

## Technical Cooperation and Training

The Inter-American Development Bank provides resources for technical assistance for the preparation and implementation of financial projects. Most of the technical cooperation is for projects in the lesser developed countries and particularly for agricultural projects. In 1979, the IDB provided \$43.3 million for technical assistance, bringing the Bank's cumulative total as of December 31, 1979, to \$267.4 million; some 33 percent went to the poorer countries in the hemisphere and almost 50 percent was earmarked for agriculture and rural development projects. About 93 percent of technical cooperation activities are extended on a nonreimbursable basis and the remainder on a contingent repayment basis.

The IDB provides technical cooperation in several ways: (1) nonreimbursable, (2) contingent-recovery, and (3) as part of project loans. Technical assistance on a nonreimbursable basis is usually for general or preinvestment studies and support for training. When technical assistance is provided on a contingent-recovery basis, it is usually in connection with preinvestment studies. If, as a result of the study, a project is financed by the IDB, then the cost of the technical help is included in the loan and reimbursement to IDB. Technical assistance on a nonreimbursable and contingency basis is handled by a division for technical cooperation within the IDB.

The larger part of technical cooperation is provided, however, as an integral part of loan projects. Many projects which IDB finances require not only "hardware" such as irrigation machinery, but also "software" such as training in land and water management. As IDB seeks to reach the poorer rural sectors in the countries served, it finds increasing need to provide assistance for project implementation.

Therefore, projects often include provision for hiring consultants on a short-term or resident basis to provide the implementing institution of recipient countries some technical or managerial support. For example, a loan of \$3.7 million to the National Credit Bank of Nicaragua had \$400,000 earmarked for hiring experts in agronomy, veterinary medicine, animal feeding, dairy farm operations, and business planning. These consultants helped assure that the credits extended to smaller livestock operators would be effectively used and the loans would likely be repaid.

Financial assistance, through its Preinvestment Fund or Project Preparation Programs or by means of technical assistance, is offered by the Bank to help countries identify projects and prepare them for IDB or some other financing institution. IDB is also increasingly active as an executing agency for UNDP grants for project identification and preinvestment surveys.

To implement a project after it is approved, the IDB will often assign, using loan resources, one or two experts to provide continued surveillance at the country level. Experts may also be sent to the field in the course of a project to study ways of raising working capital or take other steps necessary to permit the project to be executed in accordance with the terms of the loan contract and to meet its objectives.

Another area of technical assistance includes broad sector surveys not related to a specific project. These surveys are done at the request of member countries to provide information for development plans and possible



investment by IDB or other lending institutions. Recently completed studies of this kind involved agricultural surveys conducted by joint FAO/IDB teams in several lesser developed member countries to identify key fields of investment essential to increasing agricultural productivity.

## **Cooperation With Other Organizations**

The Bank has endeavored to raise the level of financial resources available for Hemisphere development through parallel and co-financing arrangements. Since its inception, the Bank has carried out such parallel financing operations with the World Bank.

In 1979, co-financing operations were also carried out with the EEC, OPEC, and with IFAD. All of the agriculturally related co-financed projects were handled with IFAD. These included: a dairy program in Paraguay (\$11.9 million/IDB, \$7.5 million/IFAD); a farm settlement consolidation project in the Dominican Republic (\$31 million/IDB, \$12 million/IFAD); an agricultural recovery project in Nicaragua (\$61.5 million/IDB, \$12 million/IFAD); an agricultural development project in Western Honduras (\$6 million/IDB, \$10 million/IFAD); and a pre-investment program in Honduras (\$2.5 million/IDB, \$400,000/IFAD).

## 8. ASIAN DEVELOPMENT BANK

### Background

The ADB, sponsored by the United Nations Economic Commission for Asia and the Pacific (ESCAP),<sup>1</sup> was established on November 24, 1966, and began operations on December 19, 1966. Its headquarters is in Manila, the Philippines. The ADB, whose working language is English, is an autonomous organization, separate from the UN system. Its stated purpose is to loan funds, to promote the investment of both private and public capital for development purposes, to provide technical assistance to its developing member countries, and to hasten economic growth and cooperation in the Asian and Pacific region. Bank resources are applied especially to projects not adequately financed through other agencies, and which may stimulate regional economic cooperation.

### Organization and Operations

While the Bank was established to serve the ESCAP region, membership is open to other developed countries that are members of the UN or of any of its specialized agencies. The 1980 membership includes 43 countries—29 regional and 14 nonregional. Of the 29 regional countries, 26 are classified as developing member countries and are eligible to receive assistance from the ADB. Representatives of all member countries make up the organization's governing body, the Board of Governors, which is composed of a Governor and Alternate Governor for each member country. In most cases, the Governor is the Minister of Finance of the member country.

The bank has a president, two vice presidents (one for programs, the other for administrative services), and various program and administrative departments and offices. The Office of the Secretary, the General Counsel's Office, and the unit for project evaluation report directly to the president. Divisions for Development Policy, Agriculture and Rural Development, Infrastructure, Industry and Development Banks, and Central Projects Services, all report to the vice president associated with programs.

The Offices for Budget and Personnel, Administrative Services, Controller, Treasurer, Information and Internal Audit each report to the vice president associated with administrative services. In addition, the

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<sup>1</sup>Formerly known as the Economic and Social Commission for Asia and the Far East (ESCAFE). In addition to traditional Asian countries, the region includes the island countries of the South Pacific, namely Cook Islands, Fiji, Gilbert Islands, Papua New Guinea, Solomon Islands, Tonga, and Western Samoa.

Economics Department, which conducts research relating to the problems and policies of social and economic development, and to the methodology used for analytical work within the Bank, also reports to the vice president associated with administrative services.

The Bank reorganized its operational functions in August 1978, to deal more efficiently with expanding activities and projected growth in volume and scope of the Bank's lending and technical assistance programs. The reorganization was also designed to provide more effective policy formulation and review with the creation of a Development Policy Office. At the same time, two projects departments were reorganized into divisions for Agriculture and Rural Development, Infrastructure, Industry and Development Banks, and a Central Projects Service Office.

These changes were aimed at increasing the Bank's capacity to handle new and ongoing loan projects and technical assistance activities, while giving greater attention to project supervision and loan administration. The reorganization also provides better sectoral and subsectoral coverage within the three departments.

The evaluation unit, which had been part of the Economic Office, was converted into a separate office to carry out independent post evaluations of Bank projects and report on them to the President of the Bank.

The Bank's administrative functions were reorganized in January 1979. This reorganization divided the former Administration Department into the Budget, Personnel and Management Systems Department, and the Office of Administrative Services. The change was designed to regroup related administrative activities into smaller, more effective organizational units, providing more effective support to the program areas of the Bank.

As of December 31, 1979, the Bank's staff had reached 1007, from 32 member countries. Of these 360 were professionals and 647 were support staff. Approximately 8 percent of the Bank's professional staff are U.S. citizens. Support staff, however, is drawn largely from the host country.

ADB employs consultants to prepare preliminary investigations and reports concerning feasibility, economic and financial justification, general layout and design, and to project cost estimates and supplement the ADB staff on project appraisals or project implementation reviews.

The Bank helps recipient governments select and employ outside consultants for making detailed engineering designs, preparing analyses of bids, and supervising projects. In these cases, consultants are drawn from among the qualified personnel of member countries. The ADB maintains information on individual consultants, consulting firms, and their qualifications.

The main selection criteria for consultants are the technical qualifications and essential experience. In addition, an effort is made to involve consulting firms from as many member countries as possible. Preference is given to qualified local consultants or firms employing consultants from developing member countries.

While Bank operations consist principally of financing specific projects to foster economic growth and cooperation among developing member countries, its limited resources require judicious selection of projects. A



general review of a country's economic development, with emphasis on national and sectoral development programs, is a prerequisite to project selection.

After confirming that a project justifies the investment, the ADB undertakes technical, economic, and financial evaluations. Only projects with sufficient economic justification are considered for financing. The Bank is also concerned with overall financial arrangements, including finances contributed by a recipient government. In the case of a revenue-earning project, an appropriate financial return must be evidenced.

Since the governments of recipient countries either receive or guarantee the loans, not all types of revenue-earning projects need to show a high rate of financial return. Projects are, however, expected to be technically and organizationally sound. In this situation, the Bank provides technical assistance, either on a reimbursable or grant basis, to help its developing member countries identify and implement projects. The Bank considers all sectors of a country's economy in the process of project selection, but the requirements of a country's development strategy may lead to emphasis on a particular sector or area.

## Post-evaluation of projects

In 1973, the Bank began evaluation of projects assisted by its loans. In August 1974, its Board of Directors adopted a program for a post-evaluation system. While the Bank's Economic Office did some reviews; nonprofit organizations performed others under contract. At the start of 1978, the Economic Office had prepared 17 post-evaluation reports, including 4 by outside organizations.

In evaluating development projects, the Bank assesses results and the means to achieve them. Post-evaluation is conducted after project disbursements are completed and the project has been in operation. Evaluation reports are made directly to the president, the Operations Department, and the country involved in the project.

The purpose of post-evaluation is twofold: to determine whether a development project has achieved its intended objective; and to re-examine the objectives in order to improve the quality of the Bank's development projects. The post evaluation program consists of the following:

- The performance of a project audit after completion of Bank-assisted projects to determine whether projects have achieved their stated objectives, and the reasons for deviation, if any.
- The carrying out of intensive studies on a selected basis; preference is given to difficult and complex projects and to sectors where Bank activities are expected to expand. Such studies serve both the auditing and management functions. Economic appraisal is based on the desirability of a project from a country's point of review, and is carried out on the basis of traditional cost benefit analysis.

- The implementation of sectoral and country reviews based on large samples of Bank-assisted projects in a country or sector. These are performed to assess the effectiveness and significance of the Bank's operations in a country or sector. Such studies may include some of the projects which already have been examined under the earlier mentioned points. Moreover, the social and economic impact of the projects as a group can best be assessed over a period of time.

External evaluations may be made by reputable academic or nonprofit organizations engaged to conduct fully independent post-evaluation studies.

## **Financial Operations**

### **Capitalization and Regular Loans**

Ordinary capital resources are made up of capital stock subscribed to by member countries and the funds the ADB raises through the sale of bonds in world money markets. On December 31, 1979, authorized capital stock was \$9,512 million, and subscribed capital was \$8,861 million. Of the amount subscribed, 20 percent was paid-in shares, the latter usually payable in installments in a combination of cash and letters-of-credit, and 80 percent of the amount subscribed was in callable shares. The U.S. subscription to the second general capital increase, which became effective in 1977, was \$814.3 million, of which \$81 million represents paid-in capital, scheduled to be subscribed over the 4-year period (1978-81).

During 1979, the Bank raised \$348 million (equivalent) in six borrowings through the sale of bonds and notes in Japan, Switzerland, and Germany and through placements with Central Banks and Monetary Authorities.

Regular loans are now made at 9 percent interest with repayment terms ranging from 15 years, including 3 years grace, to 27 years, including 7 years grace. In 1979, loans from Ordinary Capital Resources totaled \$835.25 million, and the cumulative total for the period 1967-79 was \$4,687 million.

### **Concessional Lending**

Since 1968, when the Multi-Purpose Special Fund was established, the Bank has endeavored to meet the needs of its poorer and less developed countries for loan financing on concessional terms. The Special Fund consisted of both resources contributed on a voluntary basis, and funds set aside from the Bank's paid-in capital. In 1974, the Asian Development Fund was created to consolidate all the concessional funds, with the exception of the Technical Assistance Special Fund.

Contributions to the new Asian Development Fund (ADF) totaled \$590 million from 13 developed member countries, including \$100 million from the United States. Loans from the fund have been standardized on terms of 40-years maturity and a service charge of 1 percent per annum. Eligibility of countries for loans is determined by the Board of Directors, based mainly on the country's economic situation.

At the end of 1979, total loan commitments from concessional funds amounted to \$1,963 million, with \$106 million remaining uncommitted. On July 24, 1978, the ADB Board of Governors approved a resolution authorizing the Bank to receive contributions from developed member countries for the Second Replenishment of the ADF, for a total of \$2,150 million. The Second Replenishment came into effect on March 29, 1979, when the amount of contributions received by the Bank under the Replenishment reached \$1,000 million. Loan commitments by the Bank under the Replenishment are scheduled to take place during 1979-82.

Criteria used in selecting projects financed from the concessional funds are similar to those for ordinary capital resource loans. Generally, projects are selected which have priority in the development plans of the countries concerned, and which may generate substantial economic and/or social benefits. Because of the needs of the poorer developing countries in Asia, concessional fund loans have been made predominantly in agriculture and agriculture-related sectors (52.1 percent). In 1979, \$416 million was given in 29 concessional loans to 14 countries.

## **Development Assistance in Agriculture**

### **Asian Agricultural Survey**

In 1967, as one of its first activities after opening in December 1966, the ADB—recognizing the importance of agriculture—undertook a survey to inform itself and its member countries of the status of agriculture in the region and its project needs. The survey focused on the need to modernize agriculture in Asia through systematic application of science and technology, and to sustain growth in agricultural productivity.

The survey team recommended certain changes to improve agriculture's performance: a greater availability of high-yielding varieties of plants and seeds; more fertilizers and other chemicals; more credit to farmers; better control of water resources; and greater access to storage and marketing facilities.

The findings were incorporated in the Bank's approach to agriculture and rural development, with emphasis on integrated agriculture projects to ensure essential supporting services and infrastructure.

In December 1975, the Bank formed a Consultative Committee of seven international experts as a first step in updating the original survey. The Task Force began work on June 1, 1976, with the cooperation of a number of international agencies. These included the FAO, the International Rice Research Institute (IRRI), the International Food Policy Research Institute (IFPRI), the World Bank, the Economic and Social Commission for Asia and the Pacific (ESCAP), the Council for Asian Manpower Studies, and the United Nations Conference on Trade and Development (UNCTAD). The report of the Task Force was completed in March 1977, and released under the title, "Rural Asia-Challenge and Opportunity."



The second survey calls for vigorous, imaginative, and constructive action. It will influence Bank programs through the re-orientation of priorities, backed by re-allocations of resources and commitments. It redefines the process of "development" so as not to overlook the vast majority of the rural population in Asia when it comes to increasing productivity, and sharing the fruits of economic growth.

## Agriculture and Agro-Industry

In terms of overall Bank lending, the agriculture and agro-industry sector again attracted the largest share of funds in 1979, receiving 32.9 percent for these activities. During the period 1967-79, this sector received an average of 26.6 percent of total ADB project allocations. Agricultural development activities accounted for 56.1 percent of the Bank's technical assistance outlays in 1979, bringing the average for 1967-79 to 52.1 percent. The agricultural sector through 1978 received \$1,771 million for 132 projects, including technical assistance of \$31.7 million.

ADB has also supported agricultural research in the region through grants to research institutions (notably, the Asian Vegetable Research and Development Center, the International Rice Research Institute, and the International Crops Research Institute for the Semi-Arid Tropics). The Bank has also incorporated research facilities and programs as integral parts of agricultural investment projects.

Agricultural education and training components have been built into many projects in the agricultural sector. For example, the Bank holds seminars on agriculture and regional workshops on irrigation and water management, and has initiated an on-the-job training program for officers of development finance institutions in the DMCs.

## Technical Assistance

Countries that received technical assistance in 1979 included Bangladesh, Burma, Fiji, Indonesia, Republic of Korea, Laos, Malaysia, Maldives, Nepal, Pakistan, Papua New Guinea, Philippines, Solomon Islands, Sri Lanka, Thailand, Tonga, and Western Samoa.

During the first 2 years of the Bank's operations, technical assistance was limited to an advisory capacity. Technical assistance for project preparation and implementation began in 1976; By the end of 1979, 132 such projects, totaling \$2,038 million, had resulted from technical assistance, with a value of \$26 million provided by the Bank. Technical assistance activities approved in 1979 totaled \$14.1 million, as compared to \$11.1 million in 1978. Technical assistance in 1979 was allocated for 59 projects in 17 countries, of which, 56 percent went to agricultural projects. Cumulative technical assistance through 1979 totaled \$60.8 million to 326 projects, of which 52 percent was for agricultural projects.

## 9. AFRICAN DEVELOPMENT BANK

Established in 1964 under the auspices of the UN Economic Commission for Africa (ECA), the African Development Bank was organized to make loans designed to improve the economic and social development of its member countries. Operations began at AfDB headquarters in Abidjan, Ivory Coast, in July 1966. Initial membership was composed of 33 African Countries.

Reflecting a sensitivity to recently terminated colonial relationships with European nations, the founders initially restricted membership in the AfDB to independent African States.

There are five main operating divisions in the Bank: the Policy Planning and Development Department; the Operations Department; the Finance Department; the Legal Office; and the Office of the Secretary General. The Operations Department has three divisions: Loans, Projects, and Economics. A Preinvestment Division is operated jointly with the UN Development Program (UNDP). Although the AfDB is not one of the U.N. specialized agencies, it has special agreements with FAO and UNESCO for project identification and preparation in agriculture and education.

Bank staff is drawn primarily from member countries in Africa. The Bank often uses consultants and encourages the creation of African consulting firms, turning to them as well as others for external assistance.

Although AfDB's membership has increased to 48 countries, with resources totaling about \$1.5 billion, the absence of participation by the developed countries has restricted AfDB's access to traditional money markets; hampering its lending capacity. To overcome this liability, in May 1979, the Governors of the Bank proposed a charter amendment which, if ratified, would authorize nonregional countries to join the institution. In addition to opening the Bank's access to international money markets, this action is intended to broaden the institution's financial base, enabling it to substantially increase its lending program, and to better meet the continent's requirements. Legislation which would permit the United States to join AfDB is currently under consideration by the U.S. Congress.

In conjunction with nonregional membership, the Bank capital would increase from \$1.5 billion to \$6.3 billion, of which nonregional countries would subscribe \$2.1 billion, to be committed as loans over a 5-year period.

The proposed U.S. subscription would total \$359.7 million, or 5.68 percent of the Bank's total capital, and 17.04 percent of the \$2.1 billion nonregional subscription. (This proportion of nonregional capital is roughly equivalent to its current share of the African Development Fund, the concessional lending arm of the Bank, which has been open to nonregional participation since its inception in 1972.)

The AfDB accords special preference to projects which benefit two or more member states, particularly those included within regional or national

development programs. High priority is also given to loans for development projects that demonstrate clear efforts towards self-help, mobilization of local resources, and assistance to member countries attracting capital from nonregional sources. Loans for agricultural projects on ordinary terms have comprised 17.5 percent of all Bank loans since it began operations.

## Capital Resources

AfDB resources are divided into ordinary capital and special resources. Ordinary capital resources include subscribed capital stock, borrowings by the Bank against callable capital, and income from loans and guarantees.

The authorized capital stock of the AfDB currently amounts to Fund Units of Account (FUA) 1,220,000,000 (approximately US \$1.5 billion). The original authorized capital stock of FUA 250,000,000 has been increased on six occasions, most recently in May, 1979, which increased the authorized capital from FUA 800,000,000 to FUA 1,220,000,000. An additional increase is pending ratification to allow for the proposed participation of nonregional membership, and would increase the authorized capital by 4,030,000,000 (approximately US \$4.9 billion).

Like the other international development banks, voting power is linked to a country's capital subscription. Each member has 625 votes, in addition to one vote for each share subscribed. In the AfDB, no nation has as much as 10 percent of the voting strength. Nigeria, Libya, Algeria, and Egypt are the four largest capital subscribers.

The Bank derives funds for ordinary operations from paid-in capital subscribed by the member states, borrowings inside and outside Africa, and income from project loans. In the initial years of the Bank's operations, its lending program was financed entirely from paid-in capital stock. Since 1973, however, the Bank has supplemented its capital base to an increasing extent by borrowings. Initially, this took the form of concessional loans from such countries as Austria, Canada, Sweden, and Japan. Subsequently, the Bank has placed medium term dollar notes with member states and the central banks of other countries and has raised funds from commercial lenders in the international capital market.

## African Development Fund

The AfDF was established in 1972 to provide loans on concessional terms to member states of the African Development Bank. A distinct entity from the Bank, AfDF initially consisted of 16 nonregional states, and has since expanded to 22: Argentina, Belgium, Brazil, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, Korea, Kuwait, the Netherlands, Norway, Saudi Arabia, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, the United States, and Yugoslavia.

The objectives of the African Development Fund are similar to those of the Bank. However, AfDF loans furnish longer term financing for projects on concessional terms.



The Board of Directors of the AfDF consists of six directors representing African member states, and six directors representing the nonregional member states. Under the agreement establishing the AfDF, the Fund draws on the administrative resources of the Bank to carry out its business. Bank expenses in its behalf are reimbursed by the Fund.

As of December 31, 1979, the total resources of the AfDF amounted to FUA 619.4 million (US \$751.5 million). For the second replenishment period ending December 31, 1981, the members have agreed, subject to ratification, to make available an additional FUA 662 million (US \$735.6 million) to make AfDF loan commitments during 1979-81.

In 1974, the first full year of operation, AfDF lending totaled \$46.7 million. As of December 31, 1979, the AfDF had approved 143 loans to 33 countries, amounting to FUA 668.4 million (US \$775.7 million). Of these loans, 36 percent were committed to the agricultural sector. In 1979, agricultural development loans of \$9.7 million each were extended to Somalia, Sierra Leone, Mozambique, and Burundi. Others were extended to Senegal (\$14.6 million), Madagascar (\$6.1 million), and Guinea Bissau (\$5.2 million).

## Special Funds

The AfDB has created several Special Funds, designed to assist in the economic development of the most needy member states of the Bank, by providing loans on terms which are intermediate between those of the Bank, and those of the AfDB. These include the Nigeria Trust Fund—FUA 130.5 million (\$158.0 million); the Arab Oil Fund—FUA 11.1 million (\$13.4 million); and the Special Relief Fund—FUA 0.9 million (\$1.1 million).

## 10. ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

### Background

The Organization for Economic Cooperation and Development (OECD) was created on September 30, 1961, replacing the Organization for European Economic Cooperation (OEEC) formed in 1947. By the late 1950's, it became apparent that OEEC had been successful in administering the Marshall Plan. The industrialized countries were becoming increasingly aware that the economic policies of one country could influence those of others.

In December 1959, the heads of government of the United States, France, the Federal Republic of Germany, and the United Kingdom met in Paris and recommended an intensive study to deal with these problems multilaterally. The result was a series of meetings, study groups, and reports. The product of this 1-year effort was a plan that ultimately took the form of the OECD, with the aim of promoting policies designed to:<sup>1</sup> (1) Achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus contributing to the development of the world economy; (2) contribute to sound expansion in member as well as nonmember countries in the process of economic development; and (3) contribute to expansion of world trade on a multilateral, nondiscriminatory basis in accordance with international obligations.

The original OECD membership consisted of the 18 Western European countries of the OEEC, the United States, and Canada. In 1964, Japan joined; in 1969, Finland; in 1971, Australia; and in 1973, New Zealand; bringing the total membership to 24 countries. Yugoslavia, which since 1955 had participated as an observer at the meetings of the Council, the technical committees, and subcommittees of OEEC, has special status in OECD. Yugoslavia participates fully in the Committee for Agriculture.

The Council is the supreme body of the Organization. It is composed of representatives of all member countries and meets regularly at the Permanent Representative level and once each year at Ministerial level. Questions of general policy that arise in OECD are sent to the Council, which decides on matters affecting the proper functioning of the Organization. For example, the Council may set up committees or establish other bodies. The final authority on administrative matters, the Council approves the budget of the Organization and the Staff Rules and Regulations declared by the Secretary General.

The Council operates under the unanimity rule—that all acts of the Council must be agreed upon by all members.

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<sup>1</sup> *Quoted from the Convention setting up the OECD, signed in Paris, December 14, 1960.*

To allow for special situations of individual members, two exceptions have been made:<sup>2</sup> that the Council may unanimously decide to adopt a different voting rule in certain special cases; and that a member country may abstain from taking part in a given decision.

The Executive Committee consists of 14 members designated annually by the Council. It meets once a week to examine matters, whether relating to general policy of the Organization or to the program of work, before these matters go to the Council. The Executive Committee Special Session (XCSS) was set up a few years ago to permit frank and informal exchanges on such issues as developments in North-South relations.

The work of the Organization is carried out by a variety of committees and working groups in the following areas:<sup>3</sup> agriculture, food, and fisheries; economic policy; trade policy; financial and fiscal affairs; energy; environment policy; social affairs, manpower, and education; science, technology, and industry; development cooperation; and technical cooperation.

### Committee for Agriculture

The Committee for Agriculture is composed of all member countries, plus Yugoslavia. The Committee considers, advises, and makes recommendations on agricultural problems and policies. The Committee meets three times a year at the official level, and from time to time at the Ministerial level. Since 1975, the Committee has met to discuss the market outlook for principal agricultural commodities.

The Committee is primarily concerned with the agricultural problems and policies of its member countries. However, developments in the 1970's and forecasts available for the near future or even the longer term, indicate an increasing importance of changes in developing countries and in centrally-planned countries for the OECD food economies. It is important, therefore, that the Committee monitor agricultural production and trade trends, and analyze their implications for OECD policies.<sup>4</sup> The Program of Work also calls for an examination of alternatives for improving world food security and access of developing countries to markets.

The Work of the Committee is carried out by four Working Parties and a Joint Working Party on Agriculture and Trade. The Working Party on Agricultural Policies was created with the following terms of reference:<sup>5</sup> (1) consultations on changes in agricultural policies; (2) consultation on problems of agricultural policies; and (3) study of the impact of factors of production on farm income.

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<sup>2</sup>The *OECD History, Aims Structure, and the Organization for Economic Cooperation and Development*. OECD Publications, 2 rue Andre-Pascal, Paris XVI, No. 15.551

<sup>3</sup>*Activities of OECD in 1978—Report by the Secretary General—Organization for Economic Development and Cooperation.*

<sup>4</sup>*Organization for Economic Cooperation and Development, 1980 Program of Work and Budget, Statement of the Secretary General.*

<sup>5</sup>*Extract from Summary Record of the Fourth Session of the Committee for Agriculture on December 14-15, 1961, OECD/AGR/M(61) 4, Item 4.*



Over the years, the Working Party has discussed changes in agricultural policies and studied such problems as low incomes in agriculture, land use, part-time farming, and manpower in agriculture. More recently there has been increased emphasis on relationships between agriculture and the rest of the economy. Following a decision by the Council on positive adjustment policies, the Working Party is beginning a project<sup>6</sup> analyzing alternative methods of income support. This study considers the broad policy goals and options for income policies, including welfare and the external effects.

The Working Party on Dairy and Dairy Products also meets two or three times a year to discuss the short- and medium-term dairy situation in member countries and market prospects for dairy products.

The Working Party on Meat studies the short- and medium-term meat market and outlook situation in member countries. It meets two or three times a year, sometimes jointly with the Dairy Working Party.

The Working Party on Fruit and Vegetables reviews and discusses the market situation with particular emphasis on summer fruits, tomatoes, apples and pears, and citrus fruits.

The Joint Working Party Trade and Agriculture meets two or three times a year. It deals with recent trends in trade, the factors affecting them, and ways to facilitate trade.

From time to time, *ad hoc* groups work on specific topics, such as animal feeding, economics and social indicators, current research information systems, peri-urban agriculture, East/West relations in agriculture, and the food chain.

Other activities include administration of the several OECD "Schemes": the Scheme for the application of international standards for fruit and vegetables; the Scheme for the testing of agricultural tractors; the Scheme for seed certification; and the Scheme for the control of forest reproductive material.

Agricultural research, agricultural advisory services and agricultural education meetings are held at staggered 3-year intervals and are normally attended by directors or heads of the agencies concerned.

A program of cooperative research became operational in 1979 and is carried out under Part II<sup>7</sup> of the budget. The program is to cover biological fixation of nitrogen; improvement of the efficiency of photosynthesis; utilization of carbohydrate waste products; and the elimination of mycotoxins.

The work of the Committee for Agriculture is carried out in the Directorate for Food, Agriculture, and Fisheries. The agriculture and food component of the Directorate has 28 professionals and 22 support staff

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<sup>6</sup>*Organization for Economic Cooperation and Development—1980 Program of Work and Budget, Statement of the Secretary General, C(79)180, October 1, 1979.*

<sup>7</sup>*The budget for the program and activities of the OECD is in two parts. Part I refers to the regular program of the Organization in which all member countries participate and their financial contribution is assessed. Part II is special programs and activities. Member countries decide which programs and activities they wish to participate in and contribute financially to those programs.*

personnel. The Fisheries Division has three professionals and two support staff persons.

The Work Program is developed by the Committee for Agriculture. The final program is adopted by the Council on approval by the Secretary General.

The OECD budget for 1980 is 496 million French francs (divide by four to obtain the approximate dollar equivalent). The regular budget for the Directorate for Food, Agriculture, and Fisheries is 10.5 million French francs. The cooperative Research Program in Part II of the budget is 1 million French francs. The United States contributes 25 percent of the regular budget and 25 percent of the special Part II activities in which it participates.

## Development Assistance Committee

While much of the work of the OECD focuses on relationships among member countries and on matters affecting their individual and collective advancement, the Organization has become increasingly concerned with developing countries and ways in which OECD countries can provide economic assistance. Members of the OECD—through bilateral and multilateral agencies—supply over 90 percent of the net flow of assistance and private capital to less developed countries. The principal providers of assistance among OECD members cooperate in the Development Assistance Committee (DAC).

The DAC is concerned with the volume and effectiveness of development assistance going to developing countries and with the terms of assistance and the indebtedness of recipient countries. Through exchange of information on policies and procedures and coordination of assistance efforts, donor governments may improve their individual and joint performance.

A principal working method of the DAC is the annual aid review in which each country submits its aid program for detailed review and discussion. The DAC also holds meetings on special subjects of current concern to its members. Each year the chairman of the DAC committee reports the status of development assistance and issues of concern to members of the committee.

As in the case of the Agriculture Committee, the DAC operates through the functioning of several working parties which are serviced by OECD Secretariat Staff and which meet periodically with member countries. For the DAC, countries are represented by senior officers from the aid agencies. During 1978-79, the DAC had these working parties: Party on Financial Aspects of Development, Party on Assistance Requirements, and Party on Statistical Problems. In addition, the DAC conducted country aid reviews, and exchanged views on development assistance with OECD's Development Center.

The OECD staff directorate for DAC activities organized its program of work during 1979 under the following headings: general policy and analysis; development cooperation program and policy reviews; development for meeting basic human needs; development cooperation in the context of interdependence; and statistical reporting and processing.

The Directorate prepares background papers for each meeting to help give direction to the discussions; the papers themselves are useful in synthesizing common practices or problems and pointing up issues for member representatives.

As international events focus increasing attention on relationships between the industrialized North and less developed countries of the South, the DAC has served as a forum for harmonizing views of its members with North-South debates in other international forums. Increasingly, UN agencies look to OECD/DAC as a source of information on policies of the member countries in relation to those of developing countries.



## 11. INTERNATIONAL AGRICULTURAL RESEARCH CENTERS

### Background

Agricultural research plays a key role in agricultural development. Research helps provide the new and improved technologies which make it possible to increase yields per unit of land to reduce costs per unit of product. Research also helps provide the means for coping with insects, diseases, and environmental problems which otherwise might reduce production levels. Despite its importance, research on food crops in and for developing nations was given scant attention until the 1960's. Some national research programs were established, but their resources—both financial and human—were meagre. The results were often poor, though in some cases, a base was laid for future activities.

A few strong national programs were developed, generally with help from a developed nation. The Rockefeller Foundation was particularly active in such assistance. But most national donors tended to place emphasis on developing extension services and colleges of agriculture. In the case of extension, it was thought that technology available in developed nations could simply be applied in developing nations. It couldn't. The colleges of agriculture, with external aid, did produce trained personnel who were later to play an essential role in research.

Development of research in the public sector is of particular importance in developing nations because the private sector has not played the same role in research as in developed nations. This is because private research tends to focus on proprietary technologies involving farm machinery and chemicals which are of minor importance where agricultural development is at an early stage.

The first significant steps toward greater emphasis on food were quietly taken in Mexico in the early 1940's when the Rockefeller Foundation initiated a program of agricultural research with the Mexican government. Over time, this program became more international in nature and in 1959, Dr. Norman Borlaug was placed in charge of the Foundation's international wheat improvement project. Concurrently, the Foundation began to think that a comparable effort on rice in Asia would be useful. Accordingly, Rockefeller joined forces with the Ford Foundation and in 1960 formally established the International Rice Research Institute (IRRI) in the Philippines. The Institute came into full operation in 1962. Subsequently, the Rockefeller wheat program was merged with a comparable corn project in 1963 to form the International Center for Corn and Wheat Improvement; the Center was reorganized in 1966 as the International Maize and Wheat Improvement Center (CIMMYT).

The food crisis of the mid-1960's in south Asia coincided with the initial release of some semi-dwarf wheat and rice varieties. The results gave encouragement to agricultural research. The two foundations went ahead to establish two more international centers in the mid to late 1960's—the International Institute for Tropical Agriculture, IITA, in Nigeria and the International Center for Tropical Agriculture, CIAT, in Colombia. Equally important, donor agencies in developed nations, some of which had not had particularly encouraging earlier experiences with national research or who had neglected it, began to re-evaluate their positions and some began to contribute to the international centers.<sup>1</sup>

## **The Consultative Group on International Agricultural Research (CGIAR)**

The time was ripe in the early 1970's for the establishment of the Consultative Group on International Research (CGIAR) as a coordinating and funding mechanism for these centers. During the remainder of the decade, funding for this purpose rose sharply; the number of centers and programs sponsored also increased.

While the majority of the international agricultural research activities were conducted under the aegis of the CGIAR, not all were included. Several of the former colonial powers, particularly the United Kingdom, had established some research organizations with an interest in food: the Tropical Products Institute in London is one such example. And several other international research groups were set up outside of the CGIAR such as the Asian Vegetable Research and Development Center (AVRDC) in Taiwan, the International Fertilizer Development Center (IFDC) in the United States, and the International Center for Insect Physiology and Ecology (ICIPIE) in Kenya. All have international boards and a close relationship with the CGIAR, but as of early 1980 are not members. Others are in the process of being established in the areas of forestry and aquaculture.

### **Initial Organization**

By the late 1960's, the Ford and Rockefeller Foundations, as noted above, had established four international agricultural research institutes: IRRI, 1960; CIMMYT, 1966; IITA, 1967; and CIAT, 1968. The foundations decided that while the institutes were a most worthwhile venture, the financial requirements were more than they could provide for long. However, other donors were becoming interested in providing assistance as the potential of the Centers became clearer. The foundations sponsored several joint

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<sup>1</sup> *The U.S. Agency for International Development (AID) was, until the late 1960's, constrained from supporting research on agricultural products in world surplus. AID first contributed to CIMMYT in 1969 and to the three other international centers in 1970.*

meetings with prospective donors in Bellagio, Italy which led to the creation of the CGIAR.

As established, the CGIAR was sponsored by three international organizations: The World Bank, The United Nations Development Program (UNDP), and the Food and Agriculture Organization of the United Nations (FAO). The CGIAR was to be composed of donors and was to be provided a Technical Advisory Committee (TAC) composed of 13 internationally-known agricultural scientists and administrators. A secretariat was established for the CGIAR in the World Bank and another for TAC at FAO in Rome. The sponsors shared the cost of the TAC and the World Bank and UNDP also provided funding for CGIAR activities. An official of the World Bank served as chairman of the CGIAR. Both the organizational structure and operations of the CGIAR were, and are, informal compared to other international groups. There is no constitution or bylaws and decisions are made by consensus.

Initially, there were 16 charter donor members beyond the two foundations and two sponsors: Belgium, Canada, Denmark, the International Development Research Center (Canada), Japan, the Kellogg Foundation, the Kresge Foundation (1972 only), Netherlands, Norway, Sweden, United Kingdom, and the United States. Membership was entirely voluntary. Provision was also made for fixed-term representation from the developing countries. FAO members in each of the five developing regions of the world elect a representative and an alternate to participate in the Group's deliberations.

Total funding in 1972 was \$20.06 million. The United States, through USAID, pledged to contribute up to 25 percent, and the World Bank, 10 percent. These funds were distributed to the four centers inherited from the foundations, plus two others: CIP, which was an outgrowth of a program established by the Rockefeller Foundation and USAID, and ICRISAT, which the group decided to establish.

## Growth from 1972 to 1980

Through the 1970's, there was a substantial growth in donor membership, funding, and in number of Centers and activities sponsored. The initial organizational arrangements have proved quite satisfactory and, with the exception of some changes in the meeting cycle, largely continued unchanged.

Additional donor members joining the CGIAR were: in 1973, Australia, Federal Republic of Germany, and Switzerland; in 1974, France and Interamerican Development Bank (IDB); in 1975, Asian Development Bank (ADB), Nigeria, and United Nations Environment Program (UNEP); in 1976, Iran, Italy, New Zealand, and Saudi Arabia<sup>2</sup>; in 1977, Arab Fund for

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<sup>2</sup>*Iran and Saudi Arabia contributed only in 1976 and 1977. Iran dropped out because of internal political problems and the change in government. Saudi Arabia reportedly was more interested in research in irrigation than in dry land agriculture (the latter being emphasized at ICARDA).*



Economic and Social Development (Arab Fund) and European Economic Community (EEC); in 1978, African Development Bank (ADB); in 1979, International Fund for Agricultural Development (IFAD); and in 1980, Ireland, Leverhulme Trust Fund (U.K.), and the OPEC Special Fund. Several developing nations have also expressed an interest in joining.

As of 1980, donor membership was composed of 20 nations, 6 foundations, 5 international organizations (FAO, UNDP, UNEP, IBRD and IFAD) and 6 regional organizations (AsDB, AfDB, IDB, Arab Fund, EEC, OPEC Fund). The CGIAR-sponsored agricultural research activities of 1980, as well as the three non-CGIAR research activities, are summarized in table 11 which follows.

**Table 11—Major international agricultural research centers and programs, 1980**

| Center and program                                                           | Acronym <sup>1</sup> | Country of location <sup>2</sup> | Year of establishment <sup>3</sup> |
|------------------------------------------------------------------------------|----------------------|----------------------------------|------------------------------------|
| Sponsored by the CGIAR:                                                      |                      |                                  |                                    |
| Center:                                                                      |                      |                                  |                                    |
| ● International Rice Research Institute                                      | IRRI                 | Philippines                      | 1960                               |
| ● International Maize and Wheat Improvement Center . . . . .                 | CIMMYT               | Mexico                           | <sup>4</sup> 1966                  |
| ● International Institute of Tropical Agriculture . . . . .                  | IITA                 | Nigeria                          | 1967                               |
| ● International Center for Tropical Agriculture . . . . .                    | CIAT                 | Colombia                         | 1968                               |
| ● International Potato Center . . . . .                                      | CIP                  | Peru                             | 1972                               |
| ● International Crops Research Institute for the Semi- and Tropics . . . . . | ICRISAT              | India                            | 1972                               |
| ● International Center for Research in Animal Diseases . . . . .             | ILRAD                | Nigeria                          | 1974                               |
| ● International Livestock Center for Africa . . . . .                        | ILCA                 | Ethiopia                         | 1974                               |

See footnotes at end of table.

**Table 11—Major international agricultural research centers  
and programs, 1980—Continued**

| Center and program                                                                   | Acronym <sup>1</sup> | Country of location <sup>2</sup> | Year of establishment <sup>3</sup> |
|--------------------------------------------------------------------------------------|----------------------|----------------------------------|------------------------------------|
| Sponsored by the<br>CGIAR: (Cont'd)                                                  |                      |                                  |                                    |
| Center: (Cont'd)                                                                     |                      |                                  |                                    |
| ● International Center<br>for Agricultural<br>Research in the Dry<br>Areas . . . . . | ICARDA               | <sup>5</sup> Lebanon, Syria      | 1976                               |
| ● International Food<br>Policy Research<br>Institute . . . . .                       | IFPRI                | U.S.<br>(Washington, D.C.)       | 1975                               |
| Program                                                                              |                      |                                  |                                    |
| ● West African Rice<br>Development<br>Association . . . . .                          | WARDA                | Liberia                          | 1971                               |
| ● International<br>Board for Plant<br>Genetic Resources .                            | IBPGR                | Italy (Rome)                     | 1973                               |
| ● International<br>Service for National<br>Agricultural Re-<br>search . . . . .      | ISNAR                | Netherlands (the<br>Hague)       | 1979                               |
| Non-CGIAR:                                                                           |                      |                                  |                                    |
| ● Asian Vegetable<br>Research and Devel-<br>opment Center. . . . .                   | AVRDC                | Taiwan                           | 1971                               |
| ● International Fer-<br>tilizer Development<br>Center . . . . .                      | IFDC                 | U.S. (Muscle Shoals,<br>AL)      | 1974                               |
| ● International Center<br>for Insect Physiology<br>and Ecology . . . . .             | ICIPIE               | Kenya                            | 1970                               |

<sup>1</sup> In the case of the three centers in Latin America, the acronym is derived from the name in Spanish.

<sup>2</sup> Location of headquarters and main research facility.

<sup>3</sup> Date of formal establishment; not necessarily date center or program became functional or became member of CGIAR.

<sup>4</sup> Preceded by International Center for Corn and Wheat Improvement established in 1963.

<sup>5</sup> Headquarters in Lebanon; principal research facility in Syria.

## Recent Contributions and Expenditures

Annual funding provided by the donors increased as follows (in million dollars): 1973 (24.9), 1974 (34.5), 1975 (47.5), 1976 (62.9), 1977 (77.2), 1978 (84.6), 1979 (prelim.) (99.1), 1980 (est.) (118.0).

Actual expenditures by individual centers and programs from 1975 to 1979 are summarized in table 12. Total expenditures differ from total contributions due to earned income and carryover of funds from the previous year. Core expenditures represent activities funded by the CGIAR; special projects are usually bilateral efforts located in a specific developing nation and are funded outside of the CGIAR, often by CGIAR members. Core activities represented 88.4 percent of the total expenditures from 1975 to 1979, while special projects represented 11.6 percent.

**Table 12—Total core program expenditures (operations and capital)**

| Item                         | Actual        |               |               |                | Preliminary    |
|------------------------------|---------------|---------------|---------------|----------------|----------------|
|                              | 1975          | 1976          | 1977          | 1978           | 1979           |
| <i>Million dollars</i>       |               |               |               |                |                |
| <b>Centers:</b>              |               |               |               |                |                |
| IRRI . . . . .               | 8.517         | 9.831         | 12.035        | 12.441         | 13.803         |
| CIMMYT . . .                 | 7.708         | 8.924         | 10.488        | 12.922         | 14.535         |
| IITA . . . . .               | 8.482         | 9.429         | 10.976        | 16.210         | 14.880         |
| CIAT . . . . .               | 5.490         | 6.538         | 9.559         | 10.077         | 13.557         |
| CIP . . . . .                | 2.578         | 4.246         | 5.556         | 5.504          | 7.267          |
| ICRISAT . . .                | 6.142         | 6.825         | 9.758         | 12.596         | 11.207         |
| ILRAD . . . .                | 2.406         | 4.660         | 5.421         | 7.922          | 8.510          |
| ILCA . . . . .               | 1.578         | 4.225         | 6.576         | 7.241          | 9.265          |
| ICARDA . . .                 | —             | 3.292         | 4.635         | 7.583          | 10.369         |
| IFPRI . . . . .              | —             | —             | —             | —              | —              |
| <b>Programs:<sup>1</sup></b> |               |               |               |                |                |
| WARDA . . . .                | .555          | .827          | 1.275         | 1.714          | 2.253          |
| IBPGR . . . .                | .487          | .915          | 1.258         | 1.715          | 2.772          |
| <b>Total core . . . .</b>    | <b>43.943</b> | <b>59.712</b> | <b>77.537</b> | <b>95.925</b>  | <b>108.418</b> |
| <b>Special projects .</b>    | <b>5.835</b>  | <b>8.020</b>  | <b>9.702</b>  | <b>10.750</b>  | <b>16.767</b>  |
| <b>Total . . . .</b>         | <b>49.778</b> | <b>67.732</b> | <b>87.237</b> | <b>106.675</b> | <b>125.815</b> |

<sup>1</sup> Excludes CARIS funding in 1975 and 1976.

There are two basic categories of expenditures: operations and capital. The latter category largely reflects the cost of developing the physical plant and facilities of the centers. Over the 5-year period from 1975 to 1979, 78 percent of the core expenditures were for operations while 22 percent were for capital. Within the operations budget, expenditures are divided into six



main categories: research; general operations; general administration; training and conferences; library and documentation; and other and contingency. Over the 5-year period from 1975 to 1979, 57.4 percent of the operations budget was spent on research; the proportion gradually rose during the period.

Involvement in special projects, usually with additional funding, varies considerably by center and program. The four original centers, IRRI, CIMMYT, IITA and CIAT, plus ICRISAT, are most heavily involved. Of these, IRRI was the leader with 31 percent of its total expenditures reflecting this category in 1978 and 1979. IITA was next, with 13.4 percent in 1978 and 18.1 percent in 1979. Several centers or programs had no, or very limited, special projects in 1978 and 1979, including ILRAD, ILCA, ICARDA, IBPGR, and WARDA.

## **Prospects for the 1980's**

In 1981, the CGIAR will mark its 10th anniversary. The group is aware of the need to constantly evaluate and modify its programs to meet the needs of the times. The same is true of the centers it sponsors. If the 1970's were a period of rapid growth, the 1980's will probably be a period of consolidation. Financial resources are not expected to grow at past rates, while the demands on the system are unlikely to abate. Hence, the CGIAR and the individual centers and programs are expected to give more attention to long-range planning. A CGIAR-wide review and planning process is now being developed.

In light of the anticipated resources and needs, the CGIAR in 1979 decided to plan for real growth of the system to about 10 percent per year over the next 5 years. The older research centers will be limited to an annual growth rate of about 3 percent—a rate that will provide some flexibility in taking up new approaches and opportunities—yet small enough to encourage pruning of less productive programs. The newer centers would move to their designated size and then be restricted to the same growth rate as the others. Hopefully, sufficient resources would remain to consider taking on some new activities.

President Carter, in an October 3, 1979, letter to the heads of state in Canada, France, the Federal Republic of Germany, Italy, Japan, and the United Kingdom, encouraged the adoption of a 10-percent growth rate for the system. He concluded by stating that:

“Positive action by our governments also will encourage greater support by other countries able to contribute to the international agricultural research system. This would mark a major advance in international cooperation to end world hunger.”

This is the first such communication at this level of government and provides a promising start for the 1980's.

## **Organization and Focus of CGIAR Centers and Programs**

The CGIAR itself, despite its importance, hardly exists as a physical entity. The actual research is done in the centers and programs funded by it.

All but one of the centers and two of the programs clearly exist in a physical sense; they have well-equipped offices and laboratories.<sup>3</sup>

## Organization

The centers operate under arrangements with their host country and enjoy international status. Generally, the host country provides the land for the center and has at least one member, with ex-officio status, on the board of directors.<sup>4</sup>

The center or program itself has its own formal structure for management. Each has an international board of directors. The board sets policy, hires the director of the center or program,<sup>5</sup> and establishes operating policies and procedures.

As parts of the CGIAR system, the individual centers and programs are not completely independent. General policy and goals are set by the CGIAR with the help of TAC. The CGIAR also generally names several of the board members. And TAC conducts quinquennial reviews of the centers and programs on behalf of the CGIAR. The main thrust of each center is on applied research, technical training programs, conferences, and information activities designed to extend the knowledge generated.

## Program Focus

The primary research focus is on food crops and livestock raised by poor farmers, and eaten by poor consumers in developing nations. The work may be broken down into four main categories. The research budget in 1978 and 1979 was broken down, by percentage shares, as follows:

| Category           | 1978 actual | 1979 revised |
|--------------------|-------------|--------------|
| Crops              |             |              |
| Cereals            | 37          | 35           |
| Root Crops         | 11          | 11           |
| Legumes            | 8           | 8            |
| Subtotal           | 56          | 54           |
| Livestock          | 20          | 21           |
| Farming systems    | 9           | 9            |
| Other <sup>1</sup> | 15          | 16           |
| Total              | 100         | 100          |

<sup>1</sup>IBPGR and research (such as economics) and research support (such as the computer) which cannot be allocated to specific commodities.

<sup>3</sup>WARDA's facilities are more dispersed.

<sup>4</sup>IFPRI is an exception. It does not yet have international status and occupies rented space.

<sup>5</sup>The latter is not true of IBPGR where the Executive Secretary is an employee of FAO.

The general nature of the activities within these categories may be outlined as follows. All work is carried out in close cooperation with developing nations.

*Crop Improvement.* The early goal of IRRI and CIMMYT was to obtain higher yields. Then more emphasis was given to improving plant characteristics and product quality. In recent years, particular attention has been given by all the centers to factors which improve yield stability and ability to withstand adverse conditions, both climate and soil. The latter course has been taken to extend the benefits of the new technology to disadvantaged or previously by-passed farmers—often operating on poor soils and without irrigation.

Crop improvement activities are of four main types:

- *Genetic resources and testing.* To develop improved plants through plant breeding, genetic stocks must be built up, crossed, and tested on a vast scale.
- *Development of pest and disease resistance.* An attempt is made to build in as much resistance as possible to minimize the need for chemical control methods. This is of vital importance for smaller farmers who have neither the funds nor the knowledge to adopt such techniques.
- *Tolerance to adverse climatic and soil conditions.* Researchers are attempting to develop increased plant tolerance of drought, high or low temperatures, adverse soil conditions, and other factors. Increased tolerance will make it possible to use the technology in disadvantaged areas.
- *Nutritional quality.* In making the above improvements, scientists assure that the nutritive value of the crop is not lowered, and where possible, is raised. Special attention has been given to improving the protein quality of corn.

Other important areas or research work which do not fit the above categories include: wide crosses, such as between wheat and rye, to produce triticale, a new crop; studies of biological nitrogen fixation; and the development of true seed for tuber crops, which could lead to a significant reduction in costs of production for small farmers.

*Livestock Improvement.* This work is concentrated in two centers in Africa. One is devoted to seeking a cure for two of the major livestock diseases of our time, and the other is devoted to finding ways to developing improved livestock farming systems in Africa. Improved pastures for livestock are being studied at a third center in South America.

*Farming Systems.* In developing nations, monoculture is seldom practiced with domestic food crops. They are generally raised with other crops and sometimes involve livestock. Thus, improvements in a single crop or animal may not contribute a great deal to the welfare of the farmer unless it fits in with his farming pattern. Four centers have programs on farming or cropping systems.



*Other Research.* Economists and social sciences are involved in all the foregoing areas of work. In a few cases, the crop or systems work also includes the development of associated but small scale equipment. The purpose of these machines is to make it possible to intensify production and raise yields without displacing labor.

During the 1970's, the CGIAR realized that more attention should be given to strengthening of national agricultural research programs. After an extended search for an institutional mechanism, the CGIAR in 1979 established an International Service for National Agricultural Research (ISNAR). Individual donor members of the CGIAR, as well as others, have increased bilateral support to national programs. Stronger national research programs will help in generating new technology and in adapting the technology developed by the international centers for local conditions. Thus, national and international research activities will reinforce each other.

## 12. U.N. CONFERENCE ON TRADE AND DEVELOPMENT

### Background

The UN Conference on Trade and Development (UNCTAD) originated in Geneva in 1964 at a meeting called to discuss trade and development and related problems of low-income countries. This meeting created permanent machinery within the UN to deal with the problems of trade and development—a conference to meet every 4 years, a Trade and Development Board (TDB) to meet biannually, and standing committees of the TDB concerned with commodities, manufacturers, financial issues, and shipping. The TDB, composed of 55 countries, acts as a continuing governing body, holds several policy meetings each year, and acts for the Conference when the Conference is out of session.

UNCTAD's substantive committees and its Trade and Development Board permit a continuing dialogue between developed and less developed countries on critical trade and development issues. UNCTAD and TDB thus represent efforts of developing countries to secure more favorable terms of trade and have a larger voice in international decisions affecting trade and development. Resolutions passed in UNCTAD meetings reflect the views of delegates from the developing countries, who represent most of the member countries. Since the economies of the developing countries continue to be mainly agricultural, there are implications for the agricultural policies of both the less developed and developed countries.

The first UNCTAD meeting, referred to as UNCTAD I, in 1964 produced a new unity among developing countries, permitting them to win passage of a set of principles on trade relations, which the United States and most other developed countries did not fully accept. UNCTAD II was held in New Delhi in 1968 and was preceded by a meeting in Algiers of representatives from 77 less developed countries to plan a common strategy for the conference.<sup>1</sup>

Although UNCTAD II fell short of their aspirations, it achieved progress on the major issues. A system of preferences for developing countries was formulated. The conference also adopted the UN goal of 1 percent of developed countries' GNP as a reasonable target for net financial transfers to the less developed countries.<sup>2</sup>

UNCTAD III convened in Santiago, Chile, in 1972. It was preceded by a meeting of developing countries in Lima, which issued a paper on principles of international economic behavior among developed and developing nations.

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<sup>1</sup> *Thereafter, the developing countries, collectively, were referred to as the "Group of 77," or G-77.*

<sup>2</sup> *This was not accepted by the United States and other industrialized countries.*

The work of UNCTAD III was divided among a number of committees and special work groups. In addition to committees on commodities, manufactures, finances, and invisibles (including shipping, tourism, and insurance), two new committees were established—one on trade relations among countries with different economic and social systems, and the second on assistance for the least developed among the developing countries. Three working groups were also established on institutional arrangements for increasing the effectiveness of UNCTAD, trade among developing countries, and technology transfers.

The principal trade issue at UNCTAD III was LDC participation in negotiations under the General Agreement on Tariffs and Trade (GATT). The developing countries wanted to have a voice at the 1973 GATT session so their interests would be taken into account more fully. The developing countries did obtain wider agreement on a system of generalized preferences to favor their exports.

UNCTAD III also debated questions of LDC diversification, market access, and nontariff barriers against their commodity exports to the industrialized countries. The conference reasserted a level of financial transfers of 1 per cent of GNP by the developed countries and 0.7 per cent by official transfers. It also devoted attention to the problems of the least developed and landlocked countries among the developing countries. The United States joined other developed countries in supporting the idea of special assistance for these needy countries.

## **Confrontations and Accommodations on a "Common Fund"**

UNCTAD IV, held in May 1976 in Nairobi, was attended by the highest ranking U.S. delegation in UNCTAD history, including the Secretary of State. Like its predecessors, UNCTAD IV was preceded by a meeting of the LDC's. This meeting was held in Manila under the aegis of the Group of 77, and over 100 developing countries participated. The group drew up 17 demands for restructuring international trade, mitigating the debt burdens of the less developed countries, and improving commodity price stability. Most of the commodities cited were agricultural products.

The 17 demands were unacceptable to most developed countries. As an alternative, the United States presented a plan for an international resources bank that would meet the reciprocal needs of developing and industrialized countries. The proposal fell a few votes short of acceptance. In its place the conference adopted, over the opposition of many developed countries (including the United States), a plan for an International Commodity Fund to create commodity buffer stocks aimed at dampening price fluctuations.

Preparatory meetings on the proposed fund began September 1, 1976. In March 1979, agreement was finally reached on the "fundamental elements" of the Common Fund. There have since been a series of meetings to draft the Articles of Agreement of the Common Fund. However, numerous technical issues remain in dispute. Most important is the disagreement between developed and developing countries over the future size and scope of operations of the "second window" of the Fund.



As now agreed, the Common Fund will have two financing functions. The "first window" will be used to provide funds for the management of buffer stocks organized under separately negotiated international commodity agreements. The "second window" will be for "other measures", such as providing financing and promoting development in the primary commodities sector. The second window will make loans for such things as diversification, the development of marketing capabilities, market promotion, and the development of processing industries in the developing world. It is still uncertain whether the Common Fund will be authorized to borrow on the international capital markets—as the multilateral development banks now do—to raise additional capital for lending. Many of the developed countries, including the United States, have opposed such an authorization.<sup>3</sup>

The establishment of a Common Fund has long been the subject of intense and contentious negotiations between "North" and "South." The agreement reached in March 1979 represents a significant breakthrough in the ongoing negotiations between developed and developing countries. However, intensive work continues in Geneva to develop international agreements for commodities of special interest to LDC's.

Renegotiations have now taken place for coffee, cocoa, sugar, and tin. An international agreement was also reached *ad referendum* on rubber in October 1979. In addition, UNCTAD has held meetings on other commodities which the LDC's would like included in the Common Fund. However, discussions on most of these commodities remain at the technical stage. Although many of these commodities have not proven amenable to international agreements, UNCTAD has not dropped them from the Common Fund list.

UNCTAD V was held in Manila, May 1979. Since the Common Fund issue had been settled that March, the conference was left without a central focus. The Group of 77, the coalition of developing countries entered UNCTAD V with an array of proposals but no clear agenda. Consequently, the conference produced little movement on specific issues. However, the meeting was important from several respects.

UNCTAD V was marked by divisions among the Group of 77 that mirrored differences in their level of economic development, market orientation, and oil import needs. The principal break occurred between the oil-importing LDC's and the OPEC countries. It was precipitated when several Latin American countries interjected the issue of energy into the discussions on interdependence. They maintained that it was impossible to discuss broad issues of economic interdependence without discussing energy and its impact on development. An extended debate ensued behind the scenes between the oil-importing LDC's and the OPEC countries. The oil-importing developing countries agreed not to press the issue at the conference, and the OPEC countries agreed to consult with them further on this issue after UNCTAD V.

Aside from the issue of rising oil costs, the developing countries were most concerned about the outcome of the multilateral trade talks, the threat

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<sup>3</sup>At UNCTAD V in Manila, a total of \$87 million was pledged to the Common Fund, in contrast to a target of \$280 million. Total pledges were still at the lower level by March 1980.

of increasing protectionism, and the deterioration in world economic conditions. All these economic movements have had a severe impact on the low-income countries. The LDC's pushed hard for resolutions on liberalizing the world trading system, facilitating structural adjustment in the developed countries, and lessening the dependence of the "South" on the economic growth of the "North."

UNCTAD V produced significant resolutions in three areas: (1) trade, (2) commodities; and (3) the least-developed countries. In the area of trade, the conference produced a consensus resolution on anti-protectionism and structural adjustment. The resolution entrusts the UNCTAD and TDB to organize, in an appropriate existing body, an annual review of production and trade patterns in the world economy. It contains no reference, however, to consultations and no specific recommendations for sectors or countries.

In the commodity area, the Group of 77 proposed that the UNCTAD Secretariat undertake a detailed study on the operation of a complementary financing facility, including its financial requirements and feasibility. The facility would be designed to finance shortfalls in export earnings from individual commodities. Most of the developed countries, including the United States, opposed this proposal.

The negotiating group on commodities also produced a resolution on "food production and trade." This resolution urges developing countries to adopt policies which would encourage food production and expand world food trade, especially food exports by the developing countries. The resolutions also request the Secretary General of UNCTAD to continue reviewing the world food trade situation and sending reports to the World Food Council. It does not, however, empower UNCTAD to make recommendations to the World Food Council or any other UN body.

The conference also agreed to reactivate the UNCTAD Committee on Commodities in late 1980 and phase out the Ad Hoc Committee on the Integrated Program, which had become the predominant group for commodity discussions after UNCTAD IV.

Perhaps the single most positive note in the conference was the resolution on aid to the 31 least-developed countries. It calls for a "Comprehensive New Program of Action for the Least-Developed for the 1980's," increases in external resources, and a special UN Conference on the Least-Developed Countries, to be convened by the UN General Assembly. The program of action will be an integral part of the Third International Development Strategy for the 1980's.

It is clear from UNCTAD V that in the years ahead, trade will be the dominant concern of many developing countries—particularly those in the middle-income bracket which have no oil to export. Measures to expand the exports of the LDC's and hasten structural adjustment in the developed countries will likely be the key themes at UNCTAD VI and other international forums. These measures will concern processed agricultural products as well as industrial goods. The developing countries will also advocate greater government intervention—and less emphasis on market forces—to accomplish these objectives.

### 13. ORGANIZATION OF AMERICAN STATES

#### Background

The charter of the Organization of American States (OAS) was signed at Bogota, Colombia, in 1948 and modified by a Protocol approved in a special conference in Buenos Aires in 1967. The longstanding concern of the OAS and its predecessor organizations with agricultural development is evidenced by the creation of the Inter-American Institute of Agricultural Sciences (IICA) in 1942, and the convening of the First Inter-American Conference on Agriculture in 1930. The principal work of agricultural development within the OAS system has been carried out by the General Secretariat; the Inter-American Institute for Agricultural Sciences (IICA) is one of the specialized organizations within the purview of the OAS General Assembly.

Within the General Secretariat, agricultural development of member countries is aided by activities of the Inter-American Economic and Social Council and the Inter-American Council for Education, Science, and Culture. Both councils operate through secretariats that include technical staff for conducting studies and providing technical assistance for agricultural development.

In addition to agencies associated with the OAS, the Western Hemisphere countries receive assistance for agricultural development from subregional banks, as well as from the Inter-American Development Bank. Also, the regional bodies of the UN system operate programs in the Hemisphere countries. Figure 6 indicates the relationship of these several other international agencies as well as the principal units of the OAS system.

#### Inter-American Institute for Cooperation in Agriculture\*

In its early years, IICA was concerned primarily with agricultural research and training, and was headquartered at Turrialba, Costa Rica. For almost two decades after its founding, it carried on a wide range of agronomic experiments and trials and was involved in research on livestock improvement. During these years, it offered training leading to graduate degrees as well as specialized courses without degree orientation.

In 1971 IICA conducted a broad, external review of its program in the light of the new concepts of development and the advances in agricultural research that had occurred in Latin American countries since its founding. As a result, the member governments decided that the organization should: concentrate efforts in several principal lines of action; provide development assistance to all member states in the Hemisphere; and emphasize the

*\*The new name of IICA following adoption of its new convention or charter. See next page.*



strengthening of national institutions. IICA remained headquartered in Costa Rica. In 1960, it moved its offices from Turrialba to San Jose, and in 1976, constructed its new headquarters on the edge of that city.<sup>1</sup>

A new Convention, or Charter, for IICA was agreed upon and submitted to the member states for ratification. The new Convention was ratified in 1980. While retaining the acronym, "IICA," the new name of the organization is the Inter-American Institute for Cooperation in Agriculture, which more nearly reflects its role within the Hemisphere.

## Organization and Operations

IICA is governed by a Board of Directors made up of representatives of 26 countries in the Western Hemisphere. Canada became a member in 1973 and seven Caribbean countries followed suit. In previous years the Board of Directors consisted of country representatives or Ambassadors to the OAS, which meets in Washington. However, since the OAS body deals with a range of political, economic, and social matters, it has delegated authority to a Board of Directors that meets annually in different member countries. The new Convention gives authority to the Board that meets annually. It is this Board of Directors that has set operating policies for IICA. A Special (Executive) Committee composed of 10 country representatives, including the United States, meets twice a year to provide closer attention to programs, budgets, and other aspects of IICA's operation. Under the new Convention the Annual Board and its Executive Committee will have wider powers.

Funds for IICA was provided primarily by quota assessment among members. These quotas follow the pattern set by OAS; the U.S. share was 66 percent, but with the accession of Canada and the Caribbean countries, it is now 61 percent. Quota funds amounted to \$7.0 million for 1976/77; \$8.2 million for 1977/78; \$10.1 million for 1978/79; and \$12.9 million for calendar year 1980.

In addition to its program funded by country quotas, IICA carries on a program of projects under *ad hoc* contracts with agencies of member countries and with international development institutions such as the Inter-American Development Bank and the Kellogg Foundation. Funding for these projects varies from year to year but has increased rapidly in recent years. It was \$4.4 million for FY 1975/76, \$8.8 million for FY 1978/79, and an estimated \$17.0 million in 1980. From time to time, USAID has asked IICA to undertake *ad hoc* projects under special contracts separate from assessed quotas contributed by the United States.

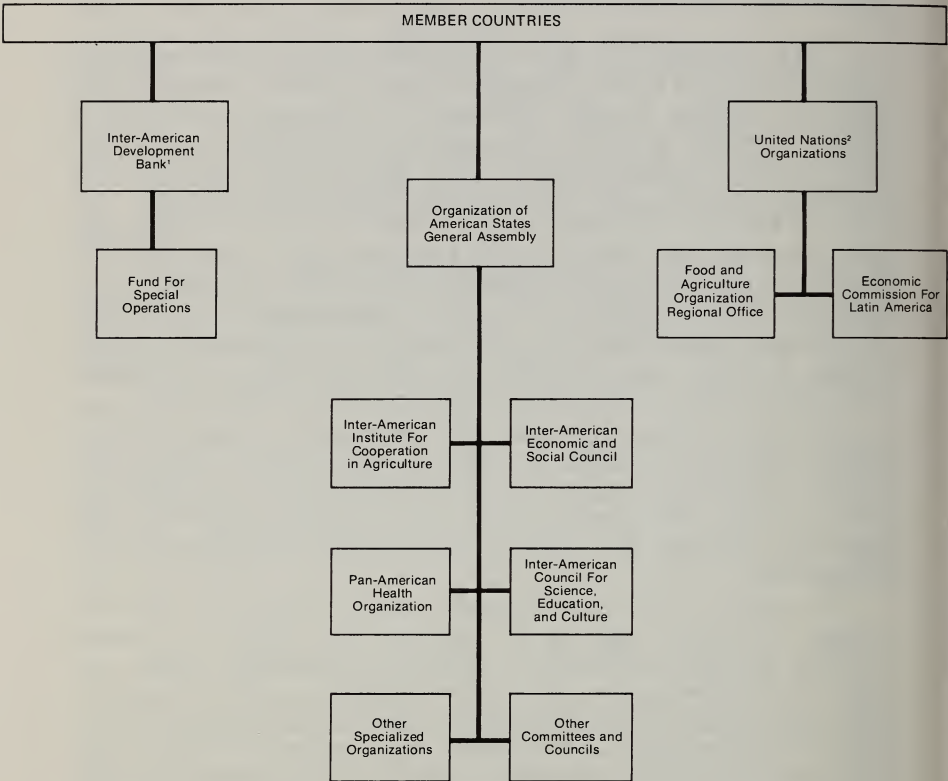
The allocation of regular funds by major lines of action during the past 5 years is indicated in table 13.

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<sup>1</sup> The research center continued at Turrialba as a separate institution called the Center for Studies in Tropical Agriculture (CATIE); with the adoption of its convention, IICA became the Inter-American Institute for Cooperation in Agriculture to better reflect its current activities than Inter-American Institute for Agricultural Sciences.

Figure 6

**International Organizations Concerned with  
Food and Agricultural Development in the Western Hemisphere**  
(Partial Listing)



<sup>1</sup>In addition to IDB, there are other regional development banks serving countries in a limited area e.g., Carriibbean Development Bank, Central American Development Bank.

<sup>2</sup>World wide organizations of the United Nations System operate regional offices to serve the Western Hemisphere countries.

**Table 13—Allocation of IICA resources by program activity, 1975-1980**

| Program activity                                                   | FY 1975 | FY 1976 | FY 1977 | FY 1978            | 1980 <sup>1</sup>  |
|--------------------------------------------------------------------|---------|---------|---------|--------------------|--------------------|
| <i>Thousand dollars</i>                                            |         |         |         |                    |                    |
| Information on agriculture and rural development . . . . .         | 480     | 664     | 922     | 1,050              | 1,388              |
| Agricultural education. . . . .                                    | 959     | 975     | 722     | 939                | 763                |
| Agricultural research. . . . .                                     | 659     | 775     | 884     | 730                | 983                |
| Promotion of agricultural production. . . . .                      | 1,203   | 1,192   | 1,488   | 1,060              | 1,298              |
| Promotion of structural change in agriculture. . . . .             | 568     | 621     | 601     | 744                | 940                |
| Administration of agricultural policy . . . . .                    | 685     | 1,136   | 1,396   | 1,511              | 1,561              |
| Other program activities. . . . .                                  | 515     | 297     | 425     | <sup>2</sup> 1,308 | <sup>3</sup> 1,885 |
| Total program funded (administrative costs not included) . . . . . | 5,069   | 5,660   | 6,438   | 7,342              | 8,818              |

<sup>1</sup> IICA changed to a calendar year basis in 1980.

<sup>2</sup> This reflects the establishment of a major new program of regional rural development.

<sup>3</sup> This reflects the addition of new programs in animal health and plant protection.

Source: Annual program-budget documents.

## Program Activities

During the past 5 years, IICA has provided technical cooperation and training in six major lines of action:

- Operating an information and documentation center, which is also the Latin American arm of FAO's information collection and distribution system, in all aspects of food and agricultural development.
- Strengthening agricultural education; the emphasis on this activity is to help educational institutions improve their teaching practices and the content of their agricultural courses, particularly at the postgraduate level.
- Increasing the effectiveness of agricultural research programs, by improving the management and technical aspects of agricultural research institutions.
- Promoting increased productivity through better farm management practices and the utilization of more advanced technologies. This line of action also includes aid to improve marketing practices for food crops and to reduce postharvest losses. In 1979-80, new programs in animal health and plant diseases were added.



- Encouraging structural change in agricultural sectors by studying various aspects of rural development, agrarian reform, and peasant organizations.
- Strengthening the administration of agricultural policy and agricultural institutions.

Most of IICA's work is accomplished by: helping focus attention on specific problems or constraints to agricultural development in member countries; providing technical personnel to work in the agricultural institutions on short-term or resident basis; and conducting courses and seminars and publishing and disseminating agricultural reports.

Examples of work performed during recent years in IICA's major lines of action include the following:

- *Information on agriculture and rural development.* Aid to Argentina's project for the National Agricultural Information and Documentation Service; courses and in-service training in library sciences in Brazil; an international course on data banks and information technology, held in Lima, Peru; institutionalization of the rural development information systems of Central American countries.
- *Agricultural education.* Advisory services to the Faculty of Agronomy of the Bolivian University at Ururo; technical aid to the State of Pernambuco, Brazil, in support of an integrated system of rural education; course on methodology for professors of the Inter-American rural photography center, Colombia; advisory services to Haiti to introduce an integrated rural education system.
- *Agricultural research and transfer of technology.* Updating the Directory of Agricultural Research Institutions in the Southern Zone and strengthening the research centers in the region; advisory services to the Forest Research Institution in Bolivia; lectures in plant physiology at the Federal University of Rio Grande de Sul, Brazil; national meeting on forest plantation projects, Bogota, Columbia; technical aid to the government of Costa Rica in preparing a national program of research and technology transfers.
- *Promotion of agricultural production and productivity.* International seminar on drip irrigation; seminar on production systems; first national meeting on marketing systems, storage centers, and wholesale markets, Bolivia; courses on the management of small irrigated properties, Petrolina, Brazil; aid to the Dominican Republic to create integrated rural services centers; technical assistance to Jamaica to develop more productive hillside farming.
- *Promotion of structural change in agriculture.* Training in campesino community enterprises for Paraguay; in-service training fellowships on rural development, Teresina, Brazil; training staff in Costa Rican institutions in agricultural enterprise management and marketing; inauguration of a Hemisphere-wide program for the identification and control of several major diseases of cattle and swine.

- *Administration of agricultural policy.* Advisory service for the National Economic and Planning Council, Bolivia; counsel on preparation, analysis, and selection of development alternatives for the agricultural sector of Rio Grande de Sul, Brazil; collaboration with the National Planning Institute in Peru in formulating a training program in micro-regional development.

In addition to its principal program actions, IICA engages in a number of related activities designed to increase the importance that member states attach to agriculture and rural development in their countries. An important vehicle for this is the annual medals awarded by IICA for outstanding service and achievement in agriculture within the hemisphere. One medal is awarded for outstanding scientific accomplishment; one for outstanding contributions in rural development; and a third for professionals under 35 who have made outstanding contributions to agriculture.

A new line of work was added by IICA's Board of Directors at its meeting in 1979. A decision was made for IICA to initiate a program for controlling animal and plant diseases having significant economic impact on livestock industries and major crops. IICA will be working closely with the Pan American Health Organization (PAHO), which has operated a limited animal health program, and with a Central American organization that has done related work in the region, as well as with FAO on training and operational activities.

## **Simon Bolivar Fund and Other Extra Budgetary Activities**

A new element in IICA funding was introduced in 1975 when Venezuela pledged to contribute \$10 million over 5 years to establish the Simon Bolivar Fund to support the Institute's program. This grant prompted some additional contributions from other Latin American countries so that a program budget of almost \$2.8 million was available for the first year's operation. Although the Venezuelan grant and some of the other early contributions were in convertible currencies, provisions of the Fund permit payments in local currencies. All contributions to the Fund are voluntary.

The work program of the Fund is formulated and administered in the same way as the general program of the Institute. The program has given priority to three existing lines of action carried out by IICA: helping to increase agricultural production and productivity; promoting structural change in rural areas; and improving the administration of agricultural policies and institutions.

An increasing proportion of IICA's program activities are being carried out with monies provided in addition to the member states' quotas or assessments. Extra budgetary funding for calendar year 1980 is estimated at \$11 million. Of this amount, \$3.0 million came from international institutions, such as the Inter-American Development Bank; \$8.0 million from national institutions, mostly agencies of Latin American governments; including the Simon Bolivar Fund.

A significant amount came from contracts or grants from non-Hemisphere countries, such as Spain, the Netherlands, the Federal Republic of Germany, Japan, and Israel. Monies provided by national and international institutions are usually for IICA services as executing agent for a specific activity; for instance, Brazil engaged IICA to help man its national agricultural research network, an effort supported by loans from the World Bank and the Inter-American Development Bank.



## 14. EMERGING ISSUES AND INSTITUTIONAL ARRANGEMENTS

### Goals and Targets

While developing countries differ widely on tactics, they have been impressively united in seeking development targets such as the UN goal of 1 percent of developed countries' GNP for net financial transfers to the less developed countries. They have also been united in seeking fundamental changes in economic relationships and the process by which decisions are made on international economic matters. For some developing countries, the issue of external aid and increased trade are surrogates for affecting a redistribution of the world's wealth and creating a new international economic order.

### Development Assistance or a New International Economic Order

On May 1, 1974, the Sixth Special Session of the UN General Assembly adopted, without vote, the concept of a "new international economic order" calling for significantly different relationships in the international economic system. Many factors led to the enunciation of a new international economic order, such as: increasing nationalism among some developing countries; frustration among many at the slow pace of their development; new hardships precipitated by higher priced oil and larger food imports; declining export earnings associated with the 1973-74 recession in most industrialized countries; and a decline in the real value of the assistance offered by major donor countries. However, a decisive factor in the tone of the new demarche was the example set by the OPEC countries and the significant increase in their economic and political power resulting from cartel policies on oil.

The developing country manifesto took the form of two resolutions. One outlined the proposed new relationship between industrialized and developing countries, and the second set forth a "Program of Action on the Establishment of a New International Economic Order." The resolutions were adopted with some 200 reservations by 20 Western countries, including Japan, Australia, and the United States. Then, in December 1974, in the regular session of the UN General Assembly, a "Charter of Economic Rights and Duties of States" was adopted by a vote of 120 for, 6 against (including the United States), and 10 abstentions. In international forums since then, the United States and other western governments have continued to express general support for the aspirations of developing countries embodied in these resolutions, but they have steadfastly opposed a number of specific provisions.

In the resolutions and subsequent debates on establishing a new economic order, developing countries have endeavored to establish wide-ranging obligations on the part of industrialized countries, and corresponding

rights for developing countries, with respect to levels of assistance in food aid, fertilizers, and development assistance; trade, including pricing and access to markets; investment; transfer of resources and technology; and monetary reform. Debate has been particularly contentious on such questions as sovereignty over natural resources, since it affects foreign investment and transnational corporations.

There has also been sharp disagreement on the formation of producer organizations—cartels—and the indexation of prices for primary products exported by developing countries with the prices of processed goods they import from industrialized countries. Other areas of difference arise from questionable references to colonialism, restitution for alleged wrongdoings, and linking defense expenditures to development financing.

The significance of these UN resolutions of agricultural development lies in the acceptance by international organizations within the UN system that they need to relate their policies and programs to the accomplishment of the goals espoused. The problems and issues raised in pursuance of these goals are different from those associated with improving technology and increasing food production.

The UN goals and strategies in the Second Development Decade raised the issue of a UN role in bringing about income transfers from the more developed countries to the less developed countries and, within the latter, from the affluent to the poor. The formulation of socio-economic goals and the means to achieve them are usually handled through each country's own political process, and sovereign nations have been reluctant to open up this process to international agencies. Hence, debate has been spirited in such forums as the FAO on the subject of agrarian reform, with its implications for structural changes in agricultural economies and equity considerations in agricultural policies.

The developing countries will continue to press for a new international economic order through the UN General Assembly, UNCTAD, FAO, and other organizations within the UN system. Although the UN General Assembly seems to have lost some of its usefulness as an instrument for reconciling international political differences, the UN specialized agencies have grown more important as a forum and focal point for discussing economic development issues. Developing countries have recognized the value of their preponderant voting power within the UN system to orient its policies and programs toward their economic development. Industrialized countries, including the United States, have also recognized the value of international forums as means of moderating differences on economic issues among member countries.

## **Targets of Developing Country Growth and Donor Assistance**

The most broadly based international development goals are those enunciated by the United Nations. The United Nations carefully articulated goals for the First and Second Development Decades of the 1960's and 1970's and will set new targets for the Third Development Decade during 1980. While stated in general social and economic terms, the development

goals set by the UN carry implications for the agriculture sectors of industrialized as well as developing countries. The targets include growth rates for the economies and agricultural sectors of developing countries, improvements in the pattern of trade to benefit developing countries, and levels of assistance from donor countries to facilitate the attainment of these targets. These UN targets have been referred to for almost 20 years by donor and recipient countries alike.

A UN-appointed Committee for Development Planning<sup>1</sup> was convened in April 1975 to examine critical development issues in connection with a review of progress in the Second Development Decade. Significantly, the committee considered the objectives of the new international economic order, as well as the targets of the Second Development Decade, as a basis for evaluating economic development progress during the 1970's.

The UN Committee noted that several of the targets set for the Second Development Decade were being met during 1971-73. However, it found that progress in the developing countries had eroded due to oil prices, shortfalls in food production and subsequent increase in grain prices, and stagflation in the industrialized countries. Thus, except for the OPEC countries, the situation for most of the developing countries at the end of 1979 was little better than at the beginning of the decade. Indeed, in food and agriculture, the situation had become worse for many of the poorest countries.

Analysis of economic development during the 1970's makes clear that differences in per capita income and economic outlook have grown greater among the developing countries. A new "fourth world" has been identified—some 40 countries that have been most seriously affected in the recent turbulent economic period, and whose resources in relation to population are poor. These countries are preponderantly rural. For the billion or more people who live there, the prospects for better nutrition and better economic conditions generally remain dim—particularly in the rural areas.

An aid target of 1 percent of donor country GNP, with 0.7 percent representing official development assistance, was passed by the General Assembly, but not agreed to by all donor countries. The target has been referred to in subsequent statements and resolutions of UN agencies. The World Food Conference has also set a target of \$5 billion a year, in 1975 prices, in external development assistance for food and agriculture. This figure has been updated by the World Food Council Secretariat as \$8.3 billion in 1977 dollars, and this figure has been cited on several occasions in other UN forums. Several of the smaller donor countries in Europe have accepted and achieved the target on official development assistance.

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<sup>1</sup>*This committee, appointed by the UN Economic and Social Council, is comprised of 23 members from different countries, but appointed in their personal capacity. One U.S. national served on the committee and was rapporteur. A report on the committee's work was published in June 1975.*



## New Development Dialogues

### CIEC and the 1976-77 Effort

In recognition of the new economic power of the OPEC countries and the economic interdependence of industrialized and developing countries, a new series of intensive discussions was undertaken in 1976 outside the UN system. It was originally planned as a two-way dialogue between oil exporters and importers, but it was broadened, under the general heading of a Conference on International Economic Cooperation (CIEC), to include representative governments from low-income developing countries as well.

The first meeting at the ministerial level convened in December 1975. Four working commissions were established to deal with (1) development, (2) energy, (3) raw materials, and (4) finance. Issues of increasing food and agriculture production in developing countries were a major element in the commission on development, while trade in agricultural commodities was a major element in the raw materials commission.

The organization and operations of the conference were carefully worked out to reflect a balancing of interests, and the number of governments represented was kept low to facilitate direct discussions and negotiated conclusions. Twenty-seven countries were designated to participate in CIEC, nine each from the industrialized countries, the OPEC countries, and other developing countries. Each of the four commissions had a co-chairman and a 15-country membership, reflecting a balance of interests among the 10 developing and 5 industrialized countries represented on each. Most countries served on more than one commission.

Eight topics were discussed in the Development Commission: trade; balance of payments problems; food and agriculture; infrastructure; transfer of resources; industrialization and transfer of technology; investment; and the special problems of the least-developed, island, and landlocked countries.

Although there were rigidities in the positions taken by each group of countries, the meetings generally provided candid exchanges. In the area of food and agriculture, the differences between industrialized and developing countries were less marked than on other topics. Together they sought concrete programs and policies on: increasing agricultural production in developing countries, particularly foodstuffs; improving supplies and prices of fertilizers for developing countries; strengthening world food security; and providing more adequate food aid. These topics had been discussed in other international forums, most notably the World Food Council and UNCTAD.

The CIEC discussions concluded on June 3, 1977, with little agreement on specific measures. They did agree, however, on the need for a common fund for commodities and on an additional \$1 billion for a special action program for the least-developed countries. There has been little followup on these proposals, but new efforts are underway in the UNCTAD and in the UNGA Committee of the Whole to take up the issues where they were left by CIEC.

## Global Negotiations—The 1979-81 Efforts

A successor to CIEC was scheduled to take place in 1981 through the "global negotiations" on international economic issues. The impetus for this new round of negotiations came from the Havana meeting of the "Non-Aligned Countries" in September 1979. Energy was the major economic issue at the meeting. The oil-importing developing countries proposed that intra-LDC discussions be held on the relation of energy prices to development. They also called on OPEC countries to grant them preferential treatment on oil. In response, the oil-exporting countries proposed that energy be discussed within the context of a new round of global negotiations. In the end, the OPEC view prevailed. The Non-Aligned summit concluded with the adoption of a resolution proposing that negotiations on a broad range of international economic issues be held within the U.N.

The Havana resolution was submitted as a Group of 77 resolution to the UN. The proposal became the basis for a resolution approved on December 14, 1979, by the full membership of the UN, recommending that the UN General Assembly "launch" at its Special Session on Development a "round of global and sustained negotiations on international economic cooperation." The session took place in the last week of August 1980.

It was agreed that the "global negotiations" would take place within a specified time frame beginning with the regular UN session in the fall of 1980. Food and agriculture issues were to be a major focus of the discussions. However, after a series of meetings designed to establish an agenda and the nature of the "negotiations", differences proved insurmountable. Late in 1980, discussions were broken off, and the prospects for a new beginning in 1981 is uncertain.

In the negotiations, the oil-importing LDC's are likely to seek increased financial support to offset higher oil prices. Many developing countries have been severely hurt by the continued increases in their oil import costs. Many must now choose, if they can, between increasing their indebtedness to pay the additional costs of their oil imports, cutting back on their oil imports, or reducing their capital imports. If they cannot find outside sources of financing, development prospects may flounder.

## The International Development Strategy for the Third Development Decade

The UN, through its preparatory committee for the Third Development Decade, is now in the process of drafting a new strategy or "framework" to guide development efforts in the 1980's. Although there has been little agreement on specific targets or programs, all concur on the essential goals for the 1980's—substantial, sustained, and equitable increases in the living standards of the developing countries; and a healthier, more open, and more cooperative international economy. Substantive priorities would include: increased agricultural production; the reshaping of development efforts to cope with energy problems; the creation of productive, remunerative and humane job opportunities; the intensification of efforts to slow population

growth rates; and the acceleration of progress among the least developed, lowest income countries.

However, developed and developing countries have differed widely on the appropriate focus for the new International Development Strategy (IDS). The LDC's want to emphasize international economic policy and the responsibilities of the developed countries to provide assistance and make reforms which will promote LDC development goals. The developed countries, on the other hand, want to emphasize the internal constraints to development and the responsibilities of the LDC's for their own growth.

This difference in focus is most apparent in the area of targets. The developing countries stress the need to set firm foreign assistance targets, whereas the developed countries question whether meaningful targets can, in fact, be set for LDC growth, employment, and resource distribution. One of the major problems in setting out the goals and objectives for the IDS arises from the increasing diversity among the developing countries.

Because of the growing diversity among developing countries, the United States and other donor countries have begun to stress the need to "differentiate" among LDC's in designing international policies and assistance measures. The developed countries have also paid increasing attention to the concept of "graduation," whereby countries which have reached certain levels of development would no longer be eligible for special or differential treatment. The graduation concept would apply to trade preferences, the allocation of official development assistance, or any other transaction where "rights and obligations" stem from levels of development. Although both the concepts of differentiation and graduation have objective merits, they will be politically difficult to interject in the debates on a new IDS.

## **Food Production, Commercialization, and Rural Development**

Several issues will influence the allocation of resources by the international organizations in the years ahead: rural development, population, environmental concerns, and interagency coordination for effective use of resources.

The stark need to increase food production in many developing countries has led to stepped-up efforts in agriculture by international organizations. This has coincided with developing country aspirations to broaden their commercial agriculture for both domestic and export markets. Commercialization means modernization for most countries. These efforts arise from a concern to generate employment as well as to increase output for market.

The need to earn and save more foreign exchange is another factor. If LDC's can manufacture their own fertilizers and related farm inputs and process more of the commodities they import and export, their foreign exchange balances can be improved. Still another factor is a growing recognition of the interrelation of agricultural and industrial development and the need to achieve a better balance between them.

Until the food crisis of 1973-74, FAO interest in forestry and fisheries rose steadily, and each was elevated to department status in the FAO. Both



areas offer prospects for developing processing industries, to help developing nations earn and save foreign exchange. The IBRD and the IDB have put more emphasis on the development of livestock industries in Latin America and their loans have been concerned with export marketing as well as domestic production and consumption. A relatively new UN agency, the Industrial Development Organization (UNIDO), has responsibility for furthering industrialization in developing countries; and in the agricultural sector, UNIDO collaborates with FAO in supporting programs of agro-industries.

Despite the emphasis on agricultural commercialization and increasing food production, a second and somewhat conflicting emphasis on rural development has arisen among those concerned with social equity. The first effort focuses on the productive capability of larger agricultural enterprises with their potential for profits and increased output; the second often focuses on smaller farmers and landless rural workers, and is concerned with their earnings and equity in the emerging commercial agricultural systems of the developing countries. Although increased commercialization in agriculture may also lead to increased benefits for small farmers and rural workers, the record thus far indicates the need for special efforts to reach them.

This concern with greater equity in the rural sector was given new emphasis by the World Conference on Agrarian Reform and Rural Development which FAO hosted in the summer of 1979. The Conference focused less on increasing output than on those who were often bypassed in the development process: small farmers; rural women; and landless rural workers. FAO and other international organizations, as well as national governments, were pointedly charged with "dealing in" those who had profited little from economic growth.

The dual objectives of encouraging the growth of a commercial agriculture and of obtaining greater equity for smaller farmers and landless farm workers raise policy issues for the multilateral aid organizations and the governments of developing countries they assist. For the governments concerned there are questions of tradeoffs, such as ameliorating current deprivation among the rural poor versus stimulating more production and earnings for the economy generally. For multilateral organizations, similar tradeoff questions arise.

When loans are made to smaller and less viable agricultural enterprises, the international finance agencies also face the problem of maintaining the quality of their loans. In designing projects and loans to reach smaller enterprises, there may need to be compromises with overall economic returns and with financial returns to individual entrepreneurs. And such loans may not provide rates of return as high as the international banks have had in the past. Seeking to reach more marginal groups within the economies of the developing countries—like helping the least-developed countries—may create more work and higher administrative costs for the financial institution relative to the amount of the loan. Poorer operating ratios and higher operating costs may result. At issue is the portfolio "mix" as between projects which emphasize production and those which stress socioeconomic objectives.

## World Agriculture, Population Growth, and the Environment

Rising concern about the environment in the councils and forums of international organizations is having an impact on programs for agricultural development. Three aspects of this emergent issue as it pertains to agriculture should be noted:

- The war against hunger persists as the developing countries barely maintain food production at levels to keep up with their burgeoning populations. If present trends persist, the shortfall in grains is expected to grow in developing countries from about 45 million tons in 1975 to over 95 million tons by 1985.<sup>2</sup> Much of this import requirement will occur in South Asia and sub-Sahara Africa where country earnings severely limit food purchases on the world's commercial markets. The outcome of the battle for survival in these countries is still uncertain.
- As new lands are brought under the plow, natural resources such as soils, forests, and water supplies for rural areas are being depleted, upsetting ecological balances. Moreover, in some developing countries urbanization is using more and more cropland, and attracting many of the rural poor, thereby aggravating the problem of feeding urban populations.
- High-yield technology is dependent on increased use of fertilizers, pesticides, and insecticides, which in turn may have deleterious side effects on waterways and wildlife.

### Population

The Malthusian specter of populations growing more rapidly than the means to sustain them, which cast a shadow over many developing countries in 1965-66, still seems a menace in 1980. The fear that food supplies cannot keep pace with growing populations in these countries has been given added dimension by environmentalists and others concerned with the quality of human life. Hence, there has been a growing concern by organizations in the UN family to organize and stimulate efforts by member governments to acknowledge the problem of unchecked population growth and to undertake specific actions to arrest that growth rate. These efforts are of particular concern in those countries where pressure on the arable land is already severe and the trend lines of food production and population growth portend a grim confrontation in the near future.

A Fund for Population Activities (UNFPA) has been established as the central funding and principal coordinating mechanism for organizations within the UN. UNFPA finances projects related to every aspect of

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<sup>2</sup>Dale Hathaway, *"Meeting Food Needs in the Developing World: The Location and Magnitude of the Task in the Next Decade."* International Food Research Policy Institute, 1976. See also FAO's study on *"Agriculture, Toward 2000,"* published in November 1979.

population and family planning—demography, education, research, advisory services, and training.

The 26th General Assembly in December 1970 gave added support to the fund by adopting a resolution that invited governments to make voluntary contributions to it and requested the UN Secretary General to improve its administrative machinery in order to accelerate the delivery of population assistance.

The United States has been the leader in the establishment and support of UNFPA. Contributions to UNFPA in 1979 amounted to \$112 million from 40 countries. Higher contributions representing percentage increases of 20-30 percent over 1978, were made by Denmark, the Federal Republic of Germany, Japan, the Netherlands, Norway and Sweden. The U.S. continued to be the largest single supporter with \$30 million in 1979.

Funds from UNFPA continue to represent most of the expenditure on population by UN Agencies such as WHO, FAO, UNICEF and ILO. FAO established a population unit early in the 1970's. In 1979, FAO set up, with the assistance of UNFPA, a training project with the aim of enhancing agricultural planners awareness of the importance of demographic-economic relationships and reinforcing the training capacity of regional institutions concerned with interaction between population growth and rural development.

Under UN sponsorship, a World Population Conference was held in Bucharest in August 1974. Among significant action proposals adopted by the conference are these:

- Governments should provide individuals the information and means for exercising the basic human right of spacing their children.
- Governments should include population policies and programs in their development planning.
- Reducing population growth and promoting socioeconomic development are mutually reinforcing and together lead to a higher quality of life.

The World Bank has established a unit to study ways in which it could appropriately finance projects in the population field and began making loans concerned with population planning in 1973. In 1979, IBRD approved three major population projects in Korea, the Philippines and Bangladesh. Each provided for clinic construction and other infrastructure, and were directed at increasing demand for family planning services by linking them with health care. In 1979, the Board of Directors of the Asian Development Bank agreed, following a study of the subject, that ADB should move into the population sector, gradually. Thus, ADB will support population/family planning mainly by integrating such elements into planned projects in the health sector.

## **The Human Environment**

In June 1972, the United Nations convened a conference on the human environment hosted by Sweden. Divergent views as to the most urgent



environmental problems were particularly marked between the less developed and the more developed countries. For the developing countries the most serious problem of the human environment was the persistent poverty of so many of their peoples. Moreover, they were concerned that the developed countries' preoccupation with environmental problems arising from industrialization and urbanization would deter efforts to modernize their own economies.

A UN panel of experts noted that environmental problems of developing countries may be categorized as follows: (1) those arising out of poverty (or the inadequacy of development), and (2) those that arise from the process of development itself. The report dealt primarily with environmental problems that might be alleviated by better planning and execution of development projects. In agriculture, the experts noted that traditional systems of agricultural production often were more devastating than modern farm methods on soil productivity and on the ability of increasing populations to make a livelihood from the land. Nevertheless, they cautioned development planners and organizations giving aid to take environmental side effects into account in expanding the use of insecticides and pesticides, undertaking river basin development projects which change ecological patterns in the region, and instituting irrigation projects that carry the risk of salinization and waterlogging.<sup>3</sup>

Resolutions passed during the UN Conference in Stockholm bearing on agricultural development cited the need to:

- Strengthen work on conservation of genetic resources;
- Study environmental aspects of livestock development;
- Conduct studies on integrated pest control and reduction of harmful effect of agrochemicals;
- Assess the economic value of wildlife and monitor the effects of pollution on wildlife; and
- Conduct research and exchange information on forest fires, pests, and diseases.<sup>4</sup>

At issue in the debates on environmental problems in the developing countries is how external assistance may be allocated, and what kind of economies will emerge in the developing countries. Some environmentalists urge that many developing countries maintain basically agricultural economies organized to meet their food and employment needs and not patterned

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<sup>3</sup> "Development and Environment," a report submitted by a panel of experts convened by the Secretary-General of the UN Conference on the Human Environment, cited in *Development Digest*, Gordon Donald, ed., April 1972.

<sup>4</sup> Memorandum on "Implications of the Action Plan of the UN Conference on the Human Environment on FAO Programs," submitted to the Fifty-Ninth Session of the FAO Council, Rome, November 1972.

after the capital-intensive agro-industrial economies of the more developed countries (12, pp. 300-307). Leaders of some of the larger LDC's reject limitations on their development in the name of environmental considerations. They assert that the more developed countries are most responsible for polluting the environment and unduly utilizing world resources, and hence need to exercise the most restraint.<sup>5</sup>

The UN General Assembly, during its 27th session in October 1972, appointed a committee to draft a resolution on the question of institutional and financial arrangements for international environmental cooperation.<sup>6</sup> The United States served on the 11-member drafting committee which recommended, among other things, that the Assembly establish a Governing Council for Environmental Programs composed of 54 members elected by the General Assembly for 3-year terms.

This resulted, then, in the establishment in 1972 of the UN Environmental Program (UNEP); its Governing Council and a small Secretariat provide leadership and coordination for UN programs and activities bearing on environmental problems. Special consideration is indicated to avoid having environmental considerations or costs inhibit development programs of the less developed countries. Reports are made annually to the General Assembly through the Economic and Social Council. The costs of servicing the Governing Council and providing the small core Secretariat are born by the regular UN budget. On the other hand, costs of operating the program are covered by an Environmental Fund financed by voluntary contributions. Cooperation with member governments and indigenous nongovernment organizations concerned with problems of environment is good, and cooperation with specialized agencies, particularly FAO, is extensive.

In 1979, voluntary contributions to the Environment Fund totalled \$31.9 million. The Fund now supports environmental activities in 11 program areas, including human settlements and human health, environment and development, oceans, energy environmental management, terrestrial ecosystems, environmental monitoring and information systems, arid lands—including desertification—and others.

The Resolutions passed by the Conference on Human Environment and those of the General Assembly have led international organizations to evaluate some of their agricultural project requests in terms of environmental impacts. The extent to which new environmental programs are undertaken and the extent to which present agricultural programs are affected largely depend on the level of funding available to international organizations for this purpose. Moreover, the rural poor will seek to satisfy their food needs of today before becoming concerned with environmental considerations of another year. Some improvement in economic conditions as well as better understanding may be necessary to safeguard the environment.

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<sup>5</sup> Statement delivered by the Brazilian representative to Committee II, XXVII Session of the General Assembly on agenda item 47, UN Conference on the Human Environment, Nov. 29, 1971, cited in *Development Digest*, Gordon Donald, ed., April 1972.

<sup>6</sup> Draft Resolution: Institutional and Financial Arrangement for International Environmental Cooperation, 27th Session, UN General Assembly, Oct. 16, 1972.

## Program Coordination and Effective Use of Resources

With the increased role of multilateral institutions in providing development assistance, the problem of coordination among organizations has grown more complex and compelling. While ultimate responsibility for country coordination rests with the recipient governments, the international organizations recognize that their available resources can be more usefully deployed if they take some measures to coordinate policies and programs. The principal multilateral assistance agencies have employed various means to coordinate their efforts and to deliver their program resources more effectively. They include country programing and sector analysis, as well as interagency consultations.

### Country Programing and Sector Analysis

One way in which IBRD and FAO are seeking to improve deployment of resources for agricultural development is by conducting broad-gauged agricultural sector studies and relating these to the overall country economy and national development plans. The sector analyses provide a starting point for determining what projects are likely to have the greatest potential for contributing to the country's agricultural development. Such analyses can provide the international organizations with appropriate priority projects to support.

FAO has also initiated a program of training in agricultural sector analysis to help officers concerned with development planning make the kinds of economic analyses needed to provide assistance agencies with the requisite information on costs and benefits of alternative projects. In the Latin America and Caribbean area, IICA carries on a similar program to improve agriculture sector planning by national agencies.

The UNDP, following internal reviews, has taken steps to improve its coordinating efforts. The UN General Assembly, in its 25th session, approved proposals for UNDP to include country programing in its activities in order to link assistance with the objectives of individual country development plans. Country programing for agriculture has been carried on under joint UNDP/FAO country representatives who have responsibility for recommending specific development projects for UNDP/FAO approval. If the programing activities are placed within the framework of an FAO indicative plan for the country or the UNDP's 5-year aid plans, individual project proposals can be evaluated in terms of their contributions to country's projected development (49).

The World Food Council has also tried to stimulate integrated planning for food and agriculture objectives, particularly for food priority countries. It formally launched this approach at its 5th Ministerial Meeting in 1979. The WFC is working to bring together countries seeking to develop national food strategy plans with national and international aid agencies. By the spring of 1980 some 30 such countries had sought WFC assistance in getting such planning underway. When the plans are completed, it is hoped that the World



Bank or other international organization will organize a consortium of aid institutions to help the countries implement them.

Efforts at making country programing a useful tool for coordination and rationalization of external assistance raise several questions: How broad should the scope of programing activities be? Which international organizations should participate? Where should programing responsibility be placed—within the UN system or with some *ad hoc* consortium of bilateral and multilateral agencies?

The issue transcends programs in the agricultural sector and touches on the overall development strategy of a country and the acceptance of that strategy by external assistance organizations. Despite gains in planning competency and increasing sophistication in the uses of development models and computers, few developing countries are prepared to make such comprehensive economic analyses and break them down to project size for possible inputs by the specialized agencies of the United Nations.

## Interagency Coordination

International organizations providing assistance are increasing efforts to coordinate their activities where countries receive aid from several multilateral and bilateral agencies. The mechanism for such coordination, and the agency taking the lead in bringing it about, vary with the particular country situation. Consortia have made several attempts to coordinate development assistance activities. The first was the India Consortium sponsored by the World Bank in 1958; it continues to operate. Two years later, the Bank sponsored a similar group in Pakistan. Following these examples, OECD organized consortia in Greece and Turkey in 1962; in 1979, a consortium of OECD countries put together a major new aid package for Turkey.

Fifteen other groups concerned with coordinating multilateral and bilateral aid efforts have been formed. IBRD has sponsored groups in Sri Lanka, Colombia, East Africa, Indonesia, Korea, Malaysia, Morocco, Nigeria, Peru, Sudan, Thailand, and Tunisia. During 1972, the World Bank participated in sessions with 10 of these countries dealing with development performance and prospects, and external capital requirements. The IMF sponsored a group in Ghana and the IDB organized a group for Ecuador.

These efforts at coordination have had mixed results; a number of the groups have ceased to function on a regular basis. According to OECD, a major problem lies in donor reluctance to endorse country plans and to relate their aid to local priorities (33 pp. 133-136). Another has been the different interests that each donor country brings to the consortium. These differences, both economic and political, influence the approach each favors and make agreements difficult to achieve.

While the consortia organized by IBRD actually pledge money, consultative groups which make no such commitment might find it easier to reach agreement on program issues. The Development Assistance Committee of OECD is a consultative group of donor countries which focuses on problems of particular countries from time to time, but does so without direct action by either donor or receiver country. According to OECD,

however, consultative groups have often lacked some effectiveness because their views were not directly associated with those of the entities providing external capital assistance.

For a number of years, the Inter-American Committee on the Alliance for Progress (CIAP) provided technical and advisory reviews for donor agencies and development planners in the respective countries, and these reviews carried weight within the CIAP framework. The development agencies—IBRD, IDB, and USAID—worked together in the CIAP country reviews. But after a decade, the effectiveness of the process was questioned and new procedures for coordinating assistance in the Western Hemisphere are being explored.

Extensive coordination takes place among multilateral agencies—and with USAID and other major bilateral agencies—on a less formal basis than that of organized consortia or consultative groups or the contractual arrangements such as those between FAO and IBRD. For example, IBRD analyses of the economies of borrowing countries, its sector studies, and reports appraising IBRD and IDA projects are made available to organizations in the UN family and regional development banks. In turn, papers on country programing prepared by UNDP resident representatives are made available to country and regional officers in the international banks as well as appropriate agencies in the UN system.

As previously indicated, the World Food Council was established to help coordinate the activities of the several international organizations concerned with food and agriculture development.

The Council also looks at the relationships among such factors as programs and policies of developing countries; kinds and levels of assistance by bilateral and multilateral development agencies; production, distribution, and consumption of food; and questions of nutrition among different population groups. Some suggest that the FAO, since it is the principal UN agency involved and has the broadest range of agricultural development activities, should also have a coordinating function. Others feel that there may be too many international organizations wanting to coordinate and that their effect is to pyramid bureaucracies. At issue is who will control and direct the flow of resources for food and agricultural development purposes. Different international organizations with separate governing bodies are likely to establish different criteria for disbursing aid.

In some developing countries, the question is in part answered by their preference for a transfer of resources with a minimum of strings and involvement by donor institutions in the way the resources are utilized. For them the question is less a matter of efficient use of development resources than political independence in the deployment of external transfers. Hence, efforts to bring about such transfers in a mechanical fashion, through a fixed proportion of GNP or through commodity agreements which assure export earnings for the developing countries, are now being pushed by many of them. Similarly, a restructuring of the UN system to make it a more effective economic development instrument for the developing country majority in the General Assembly would shift more control over development resources into their hands.

## Restructuring the UN System

In response to suggestions and urgings by member governments, the UN Secretary General, in the fall of 1974, appointed a high-level group of 25 experts to study the UN system as it pertained to economic cooperation and development, and to report their findings and recommendations to him. The group of experts, from different countries but appointed in their personal capacity, presented their conclusions in May 1975. The report, *A New United Nations Structure for Global Economic Cooperation*, proposed sweeping changes in the economic activities of the UN and in the institutional relationships of its associated agencies.

Then, an omnibus resolution of the Seventh Special Session of the UN General Assembly, September 1975, referred to restructuring the "economic and social sectors of the UN system." The Secretary General was asked to appoint an Ad Hoc Committee to study the issues of restructuring the UN system, taking into account the report of the expert group, as well as UNGA resolutions on a new international economic order and discussions in other relevant UN bodies. In June 1976, the Ad Hoc Committee made its report.

Other actions tentatively recommended by the Ad Hoc Committee included one which would strengthen relations between the regional commissions and the organizations of the UN system, particularly UNDP. Regional commissions would participate in planning and implementing relevant regional, subregional, and interregional projects financed by UNDP when requested by the countries concerned and recommended by the administrator of UNDP. This would decentralize UNDP decision-making and place more control close to the developing countries where the programs were carried out.

Other recommendations call for an overall review of operational activities throughout the UN system, and the establishment of a number of new positions, including the post of Director General for Development and Economic Policy. A new deputy to UN Secretary General Waldheim has been appointed to coordinate economic development activities within the UN system. New personnel policies advocated by the Ad Hoc Committee would strengthen the requirement for competitive recruitment in the International Civil Service of the United Nations.

Further discussions of the Ad Hoc Committee proposals continued, with referrals of proposals to the General Assembly in the September-December 1976 session and in subsequent sessions in 1978 and 1979. Despite continuing discussions within ECOSOC and the UNGA there has been little action taken to put into effect recommendations of the Ad Hoc Committee. The Secretary General requested each of the organizations and bodies of the UN system to report to him through ECOSOC to the UN General Assembly on steps taken to carry out provisions of the Ad Hoc Committee report, within their respective spheres of responsibility. The General Assembly at its regular session in 1979 gave consideration to the consolidated report, but the discussions were inconclusive. Part of the problem is that ECOSOC itself is the object of restructuring and the countries constituting that body have been unable to agree on how that should be done. A principal issue is the merger or abolition of some of ECOSOC's associated bodies.



One result of the changes proposed by the Ad Hoc Committee would be to strengthen the role of the General Assembly with respect to the specialized agencies and other parts of the UN system. While the move might improve coordination of social and economic development activities by UN agencies, it could also enhance developing country influence in such activities since they have preponderant voting power in the General Assembly. The specialized agencies and other autonomous bodies of the United Nations, including FAO, registered reservations on some of the coordination plans as discussed. Since each of the specialized agencies has its own governing bodies made up of member nations, it is not clear how these bodies and principal donor governments would respond to a reduction in operating autonomy.<sup>7</sup>

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This survey of multilateral assistance reflects not only an increasing flow of resources for agricultural development, but a growing difference between donor and recipient countries toward the role of international agencies in the overall development process of which agriculture is a major part. Some of this difference stems from the change in membership of UN organizations in the past two decades, and the resulting shift in voting power to the less developed countries. And developing countries are seeking to use their UN power to transform international agencies from deliberative to quasi-legislative bodies for achieving significant changes in the international economic system—with a larger share of the benefits accruing to them. International organizations are seeking to become centers for harmonizing the actions of nations and are orienting their policies and programs in the interests of developing countries. This process does not always coincide with U.S. views on the objectives sought or the methods of attaining them.

From the U.S. point of view, this changing relationship will require some changes in how the United States operates within international organizations. Accustomed to a successful leadership role, the United States may turn more frequently to lesser involvement, and abstain from voting on important issues. But this reaction, and the failure of the United States to fully employ its leadership capacities, may lead to even more diffusion of purpose and greater departures from the U.S. point of view in the priorities pursued by the multilateral agencies.

If the downward spiral is to be avoided, the United States may need to commit itself to greater, rather than less, participation in international organizations and to more positive, purposeful involvement in their work programs and policy proposals.

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<sup>7</sup>*Representatives to the UN specialized agencies usually come from Ministries dealing with agriculture, industry, health or trade, while representatives to the UNGA in New York are usually from foreign ministries. Hence, government spokesmen in the governing bodies of UN's specialized agencies may interpret their governments' views on agency autonomy somewhat differently than their counterparts at the U.N.*

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